

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
AUGUST 28, 2013
APPLICATION SUMMARY

NAME OF PROJECT: Raleigh Professional Associates

PROJECT NUMBER: CN1305-019

ADDRESS: 2165 Spicer Cove, Suite 9, Building E
Memphis (Shelby County), Tennessee 38134

LEGAL OWNER: VCPHCS XXI, LLC d/b/a Behavioral Health Group
8300 Douglas Avenue, Suite 750
Dallas (Dallas County), Texas 75225-5856

OPERATING ENTITY: Not Applicable

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: May 15, 2013

PROJECT COST: \$1,133,905.00

FINANCING: Case Reserves

PURPOSE OF REVIEW: Relocation of a non-residential substitution-based treatment center for opiate addiction

DESCRIPTION:

The applicant is seeking approval for the relocation of an existing Alcohol and Drug Non-Residential Opiate Treatment facility from 2960 Suite B, Old Austin Peay Highway, Memphis (Shelby County), TN 38128 to 2165 Spicer Cove, Suite 9, Building E, Memphis (Shelby County), TN 38134, which is a distance of 2.8 miles. The new facility will occupy 7,350 SF of a 16,806 SF one-story structure. The facility will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol and Drug Non-Residential Opiate Treatment Facility. The applicant projects the proposed new location will open for service in January 2014.

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SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

The following apply:

For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The applicant chose to renovate an existing building to avoid the costs of new construction. The estimated renovation cost is \$514,500 or \$70.00 per square foot. Rent will be 15% less from \$37,166 in 2012 at the current location to \$42,588 in Year One (2014) at the proposed location.

It appears that this criterion has been met.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Raleigh Professional Associates has experienced a 16.2% increase in patients and a 13.6% increase in visits from 2010 to 2012.

It appears that this criterion has been met.

Summary:

Raleigh Professional Associates is seeking certificate of need approval to relocate its existing adult non-residential methadone treatment facility program and continue to assist eligible opiate-addicted individuals residing in Shelby County to abstain from the use of illicit drugs through detoxification, treatment and substance abuse/psychiatric counseling services. The clinic will operate as a private, for-profit clinic under all applicable licensure requirements of the Tennessee Department of Mental Health and Substance Abuse Services. Raleigh Professional Associates will operate without state, federal, or local funding. The relocation of the program will not impose any new costs that will impact the charge structure of the program.

Note to Agency members: Effective April 1, 2008, the Division of Substance Abuse Services assumed responsibility for oversight of Tennessee's Opioid Treatment Programs (also known as "medication assisted treatment programs"). The State Opioid Treatment

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LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

2013 MAY -9 PM 1: 26
The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before May 10, 2013, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Raleigh Professional Associates (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VCPHCS XXI, LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, TN 38128, to 2165 Spicer Cove, Suite 9, Memphis, TN 38134 (a distance of 3 miles), at a capital cost estimated at \$1,150,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction--with testing, monitoring, counseling, medication (including methadone and suboxone), and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Wellborn 5-8-13
(Signature) (Date)

jwdsg@comcast.net
(E-mail Address)

Authority within the Department of Mental Health is responsible for program oversight and clinical assistance. Specifically, the State Opioid Treatment Authority is responsible for providing administrative, medical, and pharmaceutical oversight to certified OTPs, including, but not limited to planning, developing, educating, and implementing policies and procedures to ensure that opioid addiction treatment is provided at an optimal level. Tennessee has twelve (12) for-profit methadone clinics.

Source: <http://www.tennessee.gov/mental/A&D/SOTA.html>

The services to be provided directly by the proposed clinic will include but not be limited to: individual and group counseling, opioid substitution treatment, opioid medically supervised withdrawal, physical examinations, lab tests, urine drug screens, minor medical services and referrals, substance abuse assessments and evaluations, TB testing, vocational counseling, case management and budgeting. Services available through referral include but are not limited to: HIV testing, residential medical social work, residential A & D care, psychiatry, obstetrics services, comprehensive medical services, dental services, employment counseling and vocational placement, education/GED assistance, family planning, STD testing, financial counseling, nutritional counseling, and special support programs for pregnant women and women with infants.

Ownership

- Raleigh Professional Associates is owned by VCPHCS XXI, LLC, whose only member and parent company is VCPHCS, LP d/b/a Behavioral Health Group, or "BHG".
- VCPHS, LP, a limited partnership is owned by BHG Holdings, LLC BHG currently owns 75% (9 out of 12) of existing Alcohol and Drug Non-Residential Opiate Treatment facility clinics operating in Tennessee. BHG also owns twenty-one (21) additional clinics in seven other states.

There are currently three (3) Opioid Treatment Programs in Shelby County. All three (3) are owned and operated by BHG. Please refer to Attachment A.4 for a list of BHG's facilities.

Facility Information

The proposed facility will be located in renovated space accessible from I-240 Exit 10 Covington Pike North. The site was chosen for the following reasons: 1) distances from residences, school; and churches, 2) its proximity to the facility's current location and 3) access to the Memphis Area Transit Authority bus route. There are no public schools, parks or residential subdivisions within two city blocks of the proposed project location. On pages 10-11 of the application, the applicant discusses the businesses in close proximity to the proposed location.

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The clinic's operating hours will continue to be from 5:00 am to 1:30 pm Monday through Friday, and 5:30 am to 11:30 am on Saturday and 5:45 am to 9:45 am on Sunday. Counseling is provided Monday through Saturday. The proposed dosing hours for Raleigh Professional Associates are Monday-Friday from 5:00 am-11:00 am (late dosing until 12:00 noon), and Saturday from 6:00 am-10:30 am and Sunday from 6:00 am to 9:00 am.

Raleigh Professional Associates holds a 10 year lease agreement with CP Perimeter Point East, LLC for 7,350 square feet of space located at Perimeter Point Business Center, 2165 Spicer Cove, Suite #9, Memphis, TN 38134 to be used as a non-residential methadone treatment center. The lease agreement can be terminated if the certificate of need is denied.

The new proposed site will contain the following areas:

- Patient reception, intake, and waiting areas; nursing and physician offices
- Staff offices and break room; a laboratory
- A secure pharmaceutical storage in a secure medication room; medication administration spaces ("dosage booths")
- A group counseling room that can be partitioned into two group rooms, five private counseling rooms with expansion capability
- Office space for the Program Director, Counseling Supervisor and Medical Director.
- Restrooms for staff, patients and drug screening tests.

A floor plan drawing for the facility is located in Attachment B.IV. – Floor Plan.

A security guard will be on duty inside and outside of the building during operating hours to manage early morning traffic, promote public safety, to discourage attempts at theft and to prohibit loitering in or near the property.

The applicant notes in the supplemental response the proposed site is already zoned EMP (employment), which accommodates a wide variety of commercial uses. The applicant states a medical clinic such as Raleigh Professional Associates is permit under EMP zoning.

Service Area Demographics

The applicant states Raleigh Professional Associates' primary service area consists of Fayette, Shelby and Tipton counties. Fayette, Shelby and Tipton County patients compromise 96% of the clinic's Tennessee patients and approximately 79% of its total patients. Approximately 15% of the clinic's patients reside in Mississippi. The total population of the service area is

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estimated at 1,044,054 residents in calendar year (CY) 2013 increasing by approximately 1.7% to 1,062,100 residents in CY 2017. The overall statewide population is projected to also grow by 3.7%. The latest 2012 percentage of the service area population enrolled in the TennCare program is approximately 24.5% in Shelby County, 14% in Fayette County, and 18.2% in Tipton County as compared to the statewide enrollment proportion of 18.4%.

Historical and Projected Utilization

Shelby County BHG Owned Alcohol and Drug Non-Residential Opiate Treatment Facility Utilization						
Year	Center for Research and Addiction Treatment		ADC Recovery and Counseling		Raleigh Professional Associates (Applicant)	
	Patients	Visits	Patients	Visits	Patients	Visits
2010	395	144,218	253	92,480	234	85,487
2011	348	127,229	231	84,404	249	90,968
2012	353	128,963	249	91,337	272	97,149
2013			242	87,120	259	93,240
2014 (Year One)			250	91,332	260	94,900
2015 (Year Two)			250	91,332	260	94,900

Source: Raleigh Professional Associates Internal Records

The above Shelby County adult Alcohol and Drug Non-Residential Opiate Treatment facility utilization table reflects the following:

- Raleigh Professional Associates (applicant) -16.2% increase in patients and 13.6% in visits from 2010 to 2012
- The applicant is not expecting any substantial growth in patients or visits from 2013 to 2015
- Center for Research and Addiction Treatment-10.6% reduction in enrolled patients from 2011-2012
- ADC Recovery and Counseling Center- patients and visits are relatively stable from 2010 to 2012

Staffing

The staffing pattern will be unchanged at the new proposed location. The applicant projects having an average of one counselor per fifty to sixty patients (dependent on a counselor's mix of new versus stable patients). The applicant's proposed direct patient care staffing in Year One includes the following:

- one (1) contract Medical Director and
- one (1) contract Program Physician,
- one (1) FTE Program Director,
- three (3) FTE Nurses (LPNs),
- five (5) FTE Substance Abuse Counselors,
- one (1) FTE Counseling Supervisor and a
- .06 FTE Nurse Practitioner.

Medicare/TennCare Payor Mix

- Medicare- The facility does not participate in Medicare.
- TennCare- There are no TennCare Managed Care Organization (MCO) agreements because Methadone Maintenance Treatment (MMT) is not a covered service for adults over the age of 21. MMT is a covered service for enrollees between 18 and 20 years but TennCare will not directly reimburse the facility. To be reimbursed for medically necessary services, persons between 18 and 20 years old pay out of pocket for treatment. The applicant will submit required documentation to the MCO so the patient can be reimbursed. Currently only three (3) patients aged 18-20 are enrolled at Raleigh Professional Associates. It is not known if the three patients are enrolled in TennCare.

Projected Data Chart

The applicant projects \$1,284,400 in total gross revenue on 260 clients during the first year of operation and \$1,324,960 on 260 clients in Year Two (approximately \$5,096 per client per year). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal (\$4,154) in Year One increasing to \$62,512 in Year Two.
- Net operating revenue after bad debt, charity care and operating expenses is expected to reach \$1,271,962 or approximately 96% of total gross revenue in Year Two.
- Charity care at approximately 1.5% of total gross revenue in Year One and Year Two equaling to \$19,266 and \$19,874, respectively.
- Charity Care calculates to 3.9 patients per year in Year One.

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Patient Charges

- The cost of methadone maintenance treatment after initial intake is approximately \$98.00 per week.
- Statewide, the routine weekly charges range from \$95.00 at Recovery of Columbia to \$116.00 at DRD Medical Clinic Central, Knoxville.
- The applicant indicates BHG usually increases its weekly program fee approximately \$3.00-\$4.00 per year.
- A charge schedule for the clinic's services is located on pages 52-53 of the application.

Historical Data Chart

The applicant acquired Raleigh Professional Associates on November 21, 2011.

- The Historical Data Chart for the year 2011 reflects operations from November 21, 2011 to December 31, 2011.
- Raleigh Professional Associates reported a net operating loss of (\$176,318) in 2012, a margin of approximately -13.9% of gross operating revenues.
- The applicant incurred \$184,781 in Interest Expense under Capital Expenditures that impacted the margin in 2012.
- Gross Operating Revenue was reported as \$1,261,558 in 2012.

Project Cost

Major costs are:

- Construction, \$514,500, or 47.6% of the total project cost
- Lease Expense, \$447,520 or 39.4% of total cost
- For other details on Project Cost, see the Project Cost Chart on page 41 of the application

Financing

A May 13, 2013 letter from BHG President and Chief Operating Officer James R. Draudt attests that the applicant LLC has sufficient cash assets to implement the project. BHG is the only member of the applicant LLC.

The applicant's financial statements for BHG ending March 31, 2013 which indicates a balance of Cash on hand of \$1,215,150 and a current ratio of .92:1.

The applicant's financial statements (VCPHCS XXI, LLC) for the period ending March 30, 2013 indicates \$23,307 cash on hand, total current assets of \$1,965,288, total current liabilities of \$92,175 and a current ratio of 21:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities

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with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Note to Agency members: In the supplemental response, the applicant explains the parent company BHG made a discretionary decision to fund the acquisition of three (3) providers in December 2012 with cash (\$2.24 million) as opposed to funding them with long-term debt, which would have maintained the current ratio higher than 1.0. The net effect of this decision changed a November current ratio of 1.88 to one slightly less than 1.0. In addition, the "accrued expenses" liability line item reflects a \$500,000 escrow holdback related to these acquisitions that are due to be paid in December 2013. The applicant states elimination of this one-time liability establishes a current ratio equal to 1.11 to 1.

Licensure/Accreditation

Raleigh Professional Associates is Joint Commission accredited. The accreditation survey is provided in the attachments. The facility will also continue to be licensed by the Department of Mental Health and Substance Abuse Services.

Notices

TCA § 68-11-1607 (c) (3) requires an applicant for a nonresidential substitution-based treatment center for opiate addiction to file notices with certain state, county, and local government officials within 10 days of filing the CON application. HSDA staff verified the applicant met all requirements of TCA § 68-11-1607 (c) (3). The applicant documented the following officials had been notified:

- State Representative Antonio Parkinson
- State Senator Jim F. Kyle
- Shelby County Mayor Mark H. Luttrell, Jr.
- City of Memphis Mayor A.C. Wharton, Jr.

Corporate documentation, real estate lease, and detailed demographic information is on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding certificates of need for this applicant.

Raleigh Professional Associates is owned by BHG Holdings, LLC which has financial interests in this project and the following:

Pending Applications

ADC Recovery and Counseling Center, CN1305-018, has a pending application which will be heard at the August 28, 2013 Agency meeting. The application is for the relocation of an existing non-residential substitution based treatment center for opiate addiction from its current site 3041 Getwell Road, Suite #101, Building A, Memphis, (Shelby County), TN to 4539 Winchester Road, Building B, Suite 1, Memphis, TN, Memphis (Shelby County), TN 38134. The estimated project cost is \$1,136,905.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, pending or denied applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
8/3/13

COPY-
Application

Raleigh
Professional
Associates
CN1305-019

RALEIGH PROFESSIONAL ASSOCIATES

**CERTIFICATE OF NEED APPLICATION
TO RELOCATE AN EXISTING
NON-RESIDENTIAL SUBSTITUTION-BASED
TREATMENT CENTER FOR OPIATE ADDICTION**

Filed May 2013

PART A**1. Name of Facility, Agency, or Institution**

Raleigh Professional Associates		
<i>Name</i>		
2165 Spicer Cove, Suite 9, Building E	Shelby	
<i>Street or Route</i>	<i>County</i>	
Memphis	TN	38134
<i>City</i>	<i>State</i>	<i>Zip Code</i>

2. Contact Person Available for Responses to Questions

John Wellborn		Consultant	
<i>Name</i>		<i>Title</i>	
Development Support Group		jwdsg@comcast.net	
<i>Company Name</i>		<i>E-Mail Address</i>	
4219 Hillsboro Road, Suite 203	Nashville	TN	37215
<i>Street or Route</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>
CON Consultant	615-665-2022	615-665-2042	
<i>Association With Owner</i>	<i>Phone Number</i>	<i>Fax Number</i>	

3. Owner of the Facility, Agency, or Institution

VCPHCS XXI, LLC dba Behavioral Health Group		214-365-6100
<i>Name</i>		<i>Phone Number</i>
8300 Douglas Avenue, Suite 750		Dallas
<i>Street or Route</i>		<i>County</i>
Dallas	TX	75225
<i>City</i>	<i>State</i>	<i>Zip Code</i>

4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	x
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. Name of Management/Operating Entity (If Applicable) **NA**

<i>Name</i>		
<i>Street or Route</i>	<i>County</i>	
<i>City</i>	<i>State</i>	<i>Zip Code</i>

6. Legal Interest in the Site of the Institution (Check One)

A. Ownership		D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of 10 Years	x		

7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty	—	K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	x
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)		P. Other Outpatient Facility (Specify):	
		Q. Other (Specify):	

8. Purpose of Review (Check as appropriate—more than one may apply)

A. New Institution		G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	x
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data**NA***(Please indicate current and proposed distribution and certification of facility beds.)*

	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical					
B. Surgical					
C. Long Term Care Hosp.					
D. Obsetrical					
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)					
N. Nursing Facility Lev. 2 (Medicare only)					
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent Chemical Dependency					
S. Swing Beds					
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					

10. Medicare Provider Number:	NA
Certification Type:	NA
11. Medicaid Provider Number:	NA
Certification Type:	NA

12. & 13. See page 4

A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

Raleigh Professional Associates has been operating at its current location in Memphis for more than nine years. It is licensed by the State and is accredited by the Joint Commission. It is proposing to move to another building approximately three miles away.

The facility is an existing State-licensed opioid treatment program (OTP)* utilizing methadone as a core component of its treatments. Like other such licensed programs in Tennessee, it does not contract with Medicare or Medicaid/TennCare. Very few Medicare-age patients seek admission to an OTP. At this clinic currently, only 5.6% of patients are 65 years of age or older. Please see the explanation in response A.13 immediately below, with respect to TennCare participation.

** "Opioid Treatment Program" or "OTP" is becoming the preferred name for the type of State-licensed, comprehensive, clinic-based program that provides methadone or suboxone replacement therapy combined with intensive counseling and social services. Other names frequently given to these programs include "methadone maintenance therapy" (MMT), or "methadone clinic." The current (CY2013) Tennessee licensing category for this type of facility is "Alcohol and Drug Non-Residential Opiate Treatment Facility".*

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? No IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

In West Tennessee, the available TennCare MCOs are United Healthcare Community Plan (formerly AmeriChoice), BlueCare, and TennCare Select. However, TennCare reimbursement does not cover opioid treatment programs ("OTP's") for

patients over 20 years of age; and this clinic (like the others in Tennessee) serves only adult patients 18 years of age or older. Therefore the "window" of TennCare coverage for OTP services is only patients who are 18-to-20 years of age. Very few persons that young seek admission. In this clinic currently, only 1.7% of the patients (three persons) are 18-21 years of age. As a result, like Tennessee's other OTP's, this Memphis program does not need to formally contract with a TennCare MCOs.

However, this facility is able to serve eligible TennCare enrollees (age 18-20) on a private pay basis. Such TennCare patients work directly with their MCO to be reimbursed personally for their payments to the clinic. The clinic submits to the MCO each patient's medical intake assessment, diagnosis, and most recent treatment plan, to establish medical necessity. TennCare patients who need transportation to the clinic can often utilize transportation contracts between the Bureau of TennCare and local nonprofit organizations.

This treatment model is affordable for opioid-dependent TennCare patients, especially when compared to the costs of not seeking such treatment. Methadone maintenance treatment at this clinic, after initial intake, costs approximately \$98 per week. The only alternative for the addiction is to continue purchasing opioids illicitly "on the street"--which costs the drug user three to four times as much. When self-medicating without the monitoring and support of a comprehensive treatment program, patients' outcomes have proven to be dangerous as well as costly to society.

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

Proposed Services and Equipment

- The facility is a licensed, Joint Commission-accredited clinic that has been operating for 26 years. It is located currently at 2960-B Old Austin Peay Highway, in the Raleigh area of Memphis, north of I-40. The facility proposes to move to leased space in the Perimeter Point Business Center, at 2165 Spicer Cove, approximately 2.8 miles to the southeast, but still in Memphis north of I-40. That site is only 7 minutes' drive from the current site.
- The applicant operates an outpatient Opioid Treatment Program ("OTP") that is authorized to dispense daily dosages of opioid substitutes such as methadone and suboxone, to adult patients (age 18+) who are addicted. This is done under rigorous controls that include mandatory drug testing, counseling, and social services. Methadone is a safe, synthetically engineered "substitute" opioid used to relieve and stabilize persons who are dependent on very harmful opioids such as heroin, OxyContin, Dilaudid, morphine, and hydrocodone. A harmless substitute medication such as methadone, taken daily, suppresses patients' cravings for harmful opioids, allowing patients to lead normal lives--holding jobs, maintaining family relationships, and living more safely. Equally important, the applicant's program provides comprehensive behavior therapy and case management services to support the patient's recovery and stabilization.

Ownership Structure

- The licensed facility's owner is VCPHCS XXI, LLC, whose only member and parent company is VCPHCS, LP (which does business as Behavioral Health Group, or "BHG"). BHG is Tennessee's largest provider of this type of service. It owns 9 of Tennessee's 12 clinic programs of this type. Attachment A.4 contains a list of BHG's Tennessee facilities in Memphis (3), Jackson, Paris, Nashville, Columbia, and Knoxville (2). BHG owns 21 additional clinics in seven other States.

Service Area

- The applicant's primary service area consists of a large number of counties around Memphis, located in Tennessee, Mississippi, and Arkansas. Approximately 82% of its patients reside in Tennessee. Shelby, Fayette, and Tipton County patients comprise approximately 96% of the clinic's Tennessee patients, and approximately 79% of its total patients. Approximately 15% of the clinic's patients reside in Mississippi, with more in DeSoto County than in any other Mississippi county.

Need

- The facility has been operating at this location for approximately 26 years. It needs larger and more modern space, with improved patient flows. Its lobby is too small to accommodate patients comfortably in peak visiting hours. It has no conference room, and inadequate group meeting space. It needs more, and larger, restrooms for staff and patients. It needs a more professional appearance. The proposed location and interior design offer needed improvements. The facility's enrollments have been fairly consistent for several years and no increases of utilization are projected in the near future.

Existing Resources

- This clinic is one of three outpatient Opioid Treatment Programs ("OTP's") in Memphis. All three are owned and operated by BHG. They all serve residents of West Tennessee and nearby States. They are the only three OTP's in the primary service area.

Project Cost

- The project cost is estimated to be only \$1,136,905. Of this, only \$689,385 is actual capital cost; the balance is the value of the leased space under HSDA rules.

Funding

- The applicant LLC and its parent BHG have sufficient funds available to implement the relocation.

Financial Feasibility

- The program will continue to operate with a positive financial margin in its new location.

Staffing

- The relocation will not require addition of any staff.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

The applicant is currently located in the Raleigh area of Memphis, near the Raleigh Shopping Center and several blocks north of I-40 on the north side of Memphis. The applicant is proposing to relocate to an office building in the Perimeter Point Business Center, at 2165 Spicer Cove. The proposed location is less than 3 miles southeast of the applicant's current address, within the same sector of the city, north of Interstate 40.

This 16,806 SF building is a one-story structure in an office park with ample patient parking spaces. Its zoning is EMP, compatible with the proposed use.

The applicant plans to renovate and occupy an estimated 7,350 SF of space. The finished clinic will contain patient reception, intake, and waiting areas; nursing and physician offices; staff offices and break room; a laboratory; secure pharmaceutical storage in a secure medication room; medication administration spaces ("dosing booths"); a group counseling room that can be partitioned into two group rooms, five private counseling rooms with expansion capability; offices for the Program Director, Counseling Supervisor, and Medical Director; and several bathrooms for staff, patients, and drug screening tests. A layout of the proposed clinic is provided at the end of this response; the floor plan and site plan are provided in the Attachments to the application.

The new space has been designed for efficient, secure, and confidential patient care. It has been planned by BHG, the applicant's parent company, working with Denton Architecture of Memphis. The facility will continue to comply with all State licensure, Federal certification, and accreditation standards.

Arriving patients will park around the building and will enter the clinic reception and waiting area through the east entrance on that side of the building. From there, they will be directed to the appropriate spaces for their scheduled services. If only dosing is

scheduled (administration of medication by a medication nurse), they will proceed to a dosing booth for administration of the medication by a nurse. If counseling is part of their scheduled care that day, they will proceed either to a private, sound-proof counseling office to meet with their assigned counselor, or to a group counseling room. If drug screens and/or lab analysis are required, patients will proceed into an area with multiple patient bathrooms and a laboratory for testing and analysis. If a patient is scheduled to see the Medical Director or Nurse Practitioner for medical care, s/he will proceed to the Medical Director's office.

There will be a secure, locked medication room internal to the building. It will have motion and vibration alarm systems to defeat any attempts to steal pharmaceuticals during or after operating hours. It will have thick plywood shielding in the ceiling and walls, underneath the drywall finishes. It will contain a locked vault, or safe, for storage of pharmaceuticals. The medication room and its vault will meet the Drug Enforcement Administration's OTP-specific security requirements established in 21 CFR Section 1305.

A security guard will be on duty inside and outside the building during operating hours--to manage early-morning traffic, to promote public comfort, to discourage attempts at theft, and to prohibit loitering in or near the property, whether by existing patients or otherwise.

Facility Cost, Funding, Financial Feasibility

The project cost for CON purposes has been estimated at \$1,136,905, of which \$689,385 is the actual capital cost (the balance being the value of leased space). The applicant LLC, through its parent company BHG, has sufficient cash on hand to implement the project. The clinic currently has an established patient base and a positive cash flow and operating margin. These will continue at the new site.

Entities Surrounding the Site

The site was chosen over other potential sites not only because of the building's quality, but also because of (a) its distance from residences, schools and churches, (b) its

proximity to the facility's current location, (c) access to the bus route (37) provided by Memphis Area Transit Authority, and (d) to provide a better experience for patients.

There are no public schools, residential neighborhood or parks within two blocks of the proposed site. The site is in an entirely commercial district consisting mostly of automobile dealerships, automotive repair shops, a distribution center and a few restaurants.

The proposed site is located inside Perimeter Point Business Center which is located on Elmore Rd., a 0.5 mile stretch of road situated between Covington Pike on the west and Raleigh-LaGrange Rd. on the east. The proposed site resides on the east side of the business center facing Spicer Cove. There is a quarter-mile distance going east or west to Raleigh-LaGrange or Covington Pike, respectively. Other businesses in the business center include the American Heart Association, 180° Medical, Protection One (security), National Hardwood Magazine, Tolt Service Group (engineering), and Orkin Pest Control.

Leaving the proposed site and going east on Elmore Rd. for 0.25 miles ending at Raleigh LaGrange Rd, there are numerous businesses dealing with automotive services. These businesses include Visual Perfection Auto Body Repair, A Plus Automotive, Hot Graphics Printing, Bluff City Collision & Repair, Watkins Automotive, Goodman Hi Performance, Icon Collision Services and Best Deal Auto Repair. Covington Way Distribution Center resides at the end of Spicer Cove.

Leaving the proposed site and going west on Elmore Rd. for 0.25 miles ending at Covington Pike, automotive business are dominant. The businesses include Bruce Motor Co., IMEC Digital Studio, AC Delco (directly across from Perimeter Point), a warehouse/distribution center, and a McDonald's resides on the corner of Elmore Rd. and Covington Pike.

The proposed site is accessible from I-240 via Exit 10 Covington Pike North. The area is known for a mile long stretch of car dealerships, including GMC, Gossett, Audi, Hyundai, Mazda, Chrysler, Honda, Automax, Chevrolet, Volvo, Subaru, and others. Also on Covington Pike, south of Elmore Rd. is a BP gas station, Superlo Foods,

Wendy's and McDonalds. Continuing north of Elmore Rd. on Covington Pike, businesses include automotive repairs shops such as Aamco (transmission service), Goodyear and Bridgestone (tires). Also located on this route is Cash America (pawn shop), a title loan company, a SAAB auto dealership and two used car lots. Several buildings are not in use.

Operational Schedule

The project's first full operational year at the proposed new site will be January through December of CY2014. It will operate seven days a week, with only four holidays a year (Memorial Day; Independence Day; Thanksgiving; Christmas).

The clinic's operating hours will continue to be from 5:00 am to 1:30 pm Monday through Friday, 5:30 am to 11:30 am on Saturday, and 5:45 am to 9:45 am on Sunday. Counseling is provided Monday through Saturday.

The clinic's routine patient service hours (patient dosing) will continue to be 5:00 am to 11:00 am (late dosing until 12:00 noon) on Monday through Friday, 6:00 am to 10:30 am on Saturday, and 6:00 am to 9:00 am on Sunday.

Program staff, including the Medical Director, are on call 24/7 through the clinic's emergency call numbers, one of which is a cell phone.

Licensure, Certification, Accreditation

Like all of the BHG clinics in Tennessee, this Memphis facility is currently licensed by the Tennessee Department of Mental Health (DMH) as an "Alcohol and Drug Abuse--Non-Residential Opioid Treatment Facility." The licensure category will change to "Non-Residential Substitution-Based Treatment Center for Opiate Addiction", as the licensing agency re-licenses facilities using the term prescribed in a recent State statute.

The clinic will also continue to be Federally licensed by the Drug Enforcement Administration (DEA) under a "Registered Controlled Substance Certificate," which allows it to handle certain controlled substances. It operates under certification as an

opioid treatment program from the Center for Substance Abuse Treatment (CSAT), a branch of the Substance Abuse and Mental Health Services Administration (SAMHSA) in the U.S. Department of Health and Human Services.

All of BHG's Tennessee clinics are accredited either by The Joint Commission or by CARF (a national nonprofit accreditation organization originally founded as the "Commission on Accreditation of Rehabilitation Facilities").

This particular facility is Joint Commission-accredited. The accreditation survey findings, resulting in a three-year accreditation, are provided in the Attachments.

Ownership and Management

Raleigh Professional Associates is wholly owned by VCPHCS XXI, LLC, a limited liability company. That LLC is wholly owned by VCPHS, LP, a limited partnership, all of whose interests are owned by BHG Holdings, LLC. Entities with 5% or greater membership interests in BHG Holdings, LLC are:

BHG Investments, LLC	84.00%
Andrew Love	7.02%
James Draudt	7.18%

Program Description

1. Staffing

A Program Director supervises all daily operations of the program. Medical supervision and medical care are provided by a Medical Director (assisted by a Nurse Practitioner if requested by the Medical Director), a Nurse Supervisor, Medication Nurses, and Medical Assistants/Phlebotomists as needed. Intake evaluations and counseling are provided by the Program Director and a Counselor Supervisor, with support from Administrative staff and Medical Assistants. The Counselor Supervisor supervises a staff of five clinical counselors. Administrative support persons, maintenance and security personnel provide administrative and facility support.

The staffing pattern will be unchanged at the new location (see section C.III.3 of this application). The applicant projects having an average of one counselor per approximately fifty to sixty patients (dependent on a counselor's mix of new versus stable patients), as reflected in the facility design and staffing pattern, i.e., five counselors, and a counselor supervisor, for a program seeing 260 patients on average.

The frequency of counseling depends on individual needs, with more intensive counseling required in the early phases of the program (twice weekly during the first 30 days), and less frequent counseling as the patient moves through later phases. With an established program like this, ratios tend toward one counselor per sixty patients because longer-term patients require less frequent counseling. A new program would start off closer to one counselor per thirty patients.

The program's Medical Director, John O'Connell, M.D., is licensed in Tennessee and Mississippi. He holds current State controlled-substance registration and a Federal DEA certificate. He received his M.D. from the UT College of Medicine and completed his residency at City of Memphis Hospital. Dr. Connell is Board certified in Internal Medicine. He was in private practice in Germantown for fourteen years, during which time he served four years as Chairman of the Department of Medicine at Germantown Community Hospital.

2. Program Overview

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The objective of the program is to help patients stop using opioids and any other drugs that interfere with their lives, so they can resume normal lives in their homes, workplaces, and communities. This is accomplished through not only a medically managed program of substituting methadone for harmful opioids and encouraging managed withdrawal, but also by simultaneously requiring intensive counseling and support services to help patients change the lifestyles and personal relationships that led them to develop drug dependencies.

Admission to the program is tightly controlled through stringent medical and State and Federal admission criteria. Applicants must be at least 18 years of age. They must demonstrate opioid dependency through assessment screenings and lab work; and they must have been dependent for at least one year. The Tennessee Controlled Substance Monitoring Program Database is checked (at entry, and periodically as needed) to identify narcotic prescriptions that a patient may have had filled. The intake staff also checks adjoining States' prescription registries, and investigates the patients' use of other OTP's within driving range. Inquiries will be made with the patient's personal physician, if any. Admission to the program will be granted only after the Medical Director has met with the patient and is satisfied that the patient is eligible and committed to work toward recovery. In addition to serving its own program enrollees, the clinic also serves a significant number of "guest" patients who are traveling through Memphis and are enrolled in other OTP programs. They are served only after a very detailed screening and certification process coordinated with their "home" OTP program, to ensure their active status in a licensed program and the appropriateness of the care they seek at Raleigh Professional Associates.

The first month of the program is an intensive orientation period to prepare the patient for successful integration into the program. A discharge planning process starts immediately upon intake to reinforce that the patient's goal is to eliminate all drug dependency, including dependence on methadone. The patient meets with the Medical Director and undergoes private counseling with his or her assigned counselor, at least weekly. A comprehensive drug and alcohol assessment is completed during this orientation month. An individualized treatment plan is developed to coordinate the

interdisciplinary requirements of the program. The patient's treatment plan is updated every three months in the first year of treatment, and every six months thereafter. New Patient Orientation group meetings and private individualized counseling twice weekly are required during this orientation month. Dosing and counseling are available at least six hours per day on weekdays, and at least three hours on Saturdays. On Sundays, dosing is available at least three hours and counseling may be provided to accommodate special needs of the patient's schedule.

From the outset of the program, patients receive daily oral doses of a "substitute" medication such as methadone, a synthetic, non-harmful opioid whose effects generally last 24-36 hours. Unlike the other opioids to which the patient is addicted, methadone does not create a "high" or impair mental or bodily function or deteriorate the body physically when properly administered. Methadone's only significant effect is the positive elimination of the cravings for other types of opioids. This medication replacement therapy, coupled with the prolonged support of counseling and social services, enables patients to resume normal lives. Between 60% and 70% of clinic patients are usually employed (most of the other patients are either disabled, retired, or are homemakers).

After the Medical Director has established an appropriate dosage plan, a clinic nurse administers the patient's methadone orally, each day. After a successful orientation month, compliant patients enter the longer-term maintenance program, which consists of nine phases with increasing responsibilities and increasing privileges for compliant participants. Progress through these phases depends on continuous time in treatment as well as on compliance with several standards of behavior, including maintaining "clean" drug screens; abstinence from alcohol; regularly attending the clinic as scheduled; keeping appointments at the clinic and referral agencies; conformity to the clinic's behavioral standards; stability of home and social relationships; and a demonstrated ability to safeguard take-home doses and to ingest them as prescribed by the Medical Director. The privileges earned in moving through the phases include gradual reduction in required counseling from four sessions a month to one per month, and additional take-home doses to reduce the burdens of daily commuting.

During all phases of the maintenance program, the clinic makes unscheduled "call-backs" for patients dosing at home to present at the clinic within 24 hours of notification, to have their medications counted (this assures that the medications are not being diverted for illicit sale or otherwise being administered inappropriately). In addition, both at intake and periodically during treatment, the clinic tests for alcohol consumption.

During all phases of the program, patients who fail to comply with program rules can be discharged or can be returned to earlier "phases" requiring increased attendance, clinic dosing, and more frequent drug screens and counseling--more intensive monitoring and therapy. Rules include: no diversion of the methadone take-home doses (i.e., no stockpiling, selling, or giving away); no attempts to defeat drug screens, no threats of violence; no use of substances of any kind (including alcohol) that are prohibited in the patient's treatment plan; no failures of attendance at required therapies and counseling; no missing of three consecutive clinic dosing appointments; screenings that document the presence of illicit drugs, or the absence of methadone metabolite; etc. A positive drug test result after the first six months of enrollment requires weekly counseling, immediate revocation of take-home privileges, participation in treatment team meetings, and more intensive levels of care.

Services *provided directly by the clinic* include but are not limited to: individual and group counseling, opioid substitution treatment, long-term opioid medically supervised withdrawal or "MSW" (to wean the patient from methadone), physical examinations, lab tests, urine drug screens, minor medical services and referrals, substance abuse assessments and evaluations, TB testing, vocational counseling, case management, and budgeting. The clinic provides on-site prescriber services of one hour per week for every 35 service recipients. A minimum of 12.5% of the required subscriber services is provided by a physician. Services *arranged by the clinic through subcontracting and referral* will include but will not be limited to the following: HIV testing, residential medical social work, residential A&D care, psychiatry, obstetrics services, comprehensive medical services, dental services, employment counseling and vocational placement, educational/GED assistance, family planning, STD testing, financial counseling, nutritional counseling, and special support programs for pregnant women and women with infants.

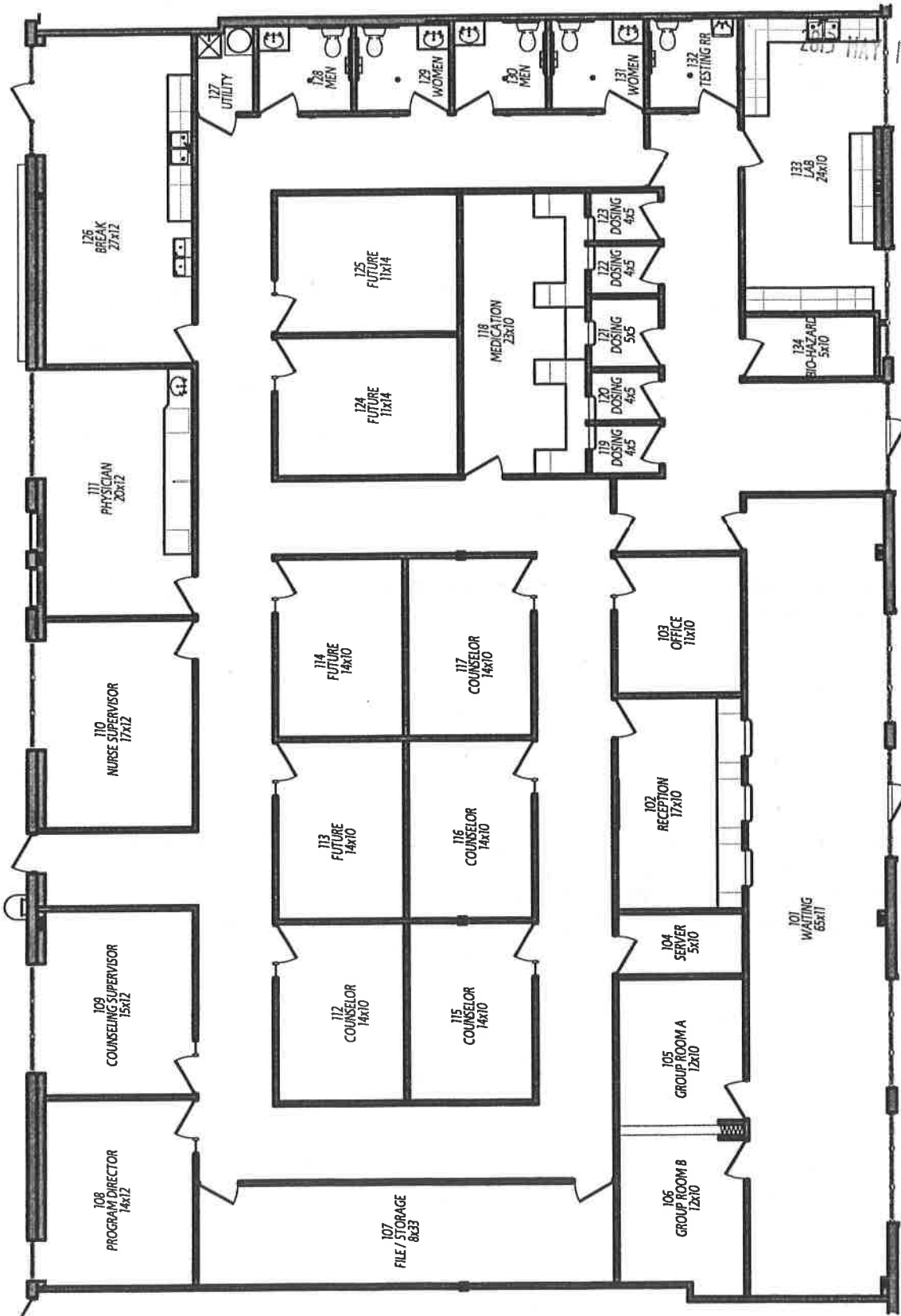
3. Results of the Program

A methadone maintenance treatment regimen (stable dose level, active participation in individual and group counseling therapy, establishment of a stable home life and gainful employment) enables a patient to eliminate the use of illicit and harmful opioid drugs--i.e., to be free of drugs *other* than methadone, which is a long-acting replacement medication. It is those *other* drugs that cause harm to the patient and to the patient's community--not methadone that is well-managed by a licensed treatment program.

The word "maintenance" signifies that medication replacement therapy is most often a long-term treatment regimen. Recovery is a lifelong commitment, and the opioid treatment program is a lifelong resource, if needed. Some patients committed to remaining "drug-free" of *other* drugs attend the program indefinitely; others re-enter treatment upon experiencing relapse, post-discharge. A partial analogy is Alcoholics Anonymous (AA) for alcoholism: a person addicted to alcohol never cures alcoholism but is able to avoid alcohol by faithful participation in the AA program. The percentage of RPA's patients who are "opiate positive" drops dramatically as continuous time in maintenance treatment increases.

A February 2002 IDU/HIV monograph entitled "Methadone Maintenance Treatment", funded by the U.S. Center for Disease Control, stated that "most" program enrollees who discontinue methadone maintenance relapse to use of other drugs, and that individuals "may need multiple episodes of treatment over time". That short monograph includes related facts of interest in support of methadone maintenance. It is in the "Miscellaneous" attachment at the end of this application. The monograph's estimate is consistent with others published over many years.

Certainly, many patients leave the treatment program without the need for replacement methadone therapy and remain free of illicit substance use, but it is difficult to track these patients' long-term success or track record. There is no national database on an individual's participation, anymore than AA maintains a national database.



RALEIGH PROFESSIONAL ASSOCIATES



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APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART....

Not applicable.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

The space to be leased is in good condition. Only light renovation and modernization will be required. The estimated \$514,500 renovation cost is only \$70 PSF, to create 7,350 SF of clinic space.

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

1. ADULT PSYCHIATRIC SERVICES
2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
3. BIRTHING CENTER
4. BURN UNITS
5. CARDIAC CATHETERIZATION SERVICES
6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
7. EXTRACORPOREAL LITHOTRIPSY
8. HOME HEALTH SERVICES
9. HOSPICE SERVICES
10. RESIDENTIAL HOSPICE
11. ICF/MR SERVICES
12. LONG TERM CARE SERVICES
13. MAGNETIC RESONANCE IMAGING (MRI)
14. MENTAL HEALTH RESIDENTIAL TREATMENT
15. NEONATAL INTENSIVE CARE UNIT
16. NON-RESIDENTIAL METHADONE TREATMENT CENTERS
17. OPEN HEART SURGERY
18. POSITIVE EMISSION TOMOGRAPHY
19. RADIATION THERAPY/LINEAR ACCELERATOR
20. REHABILITATION SERVICES
21. SWING BEDS

Not applicable. The application proposes only to move an existing licensed and accredited facility within the same sector of Memphis. It does not propose to expand services. The applicant's organization is the only provider of these services in Memphis; there are no competitive issues.

B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

The need for the proposed relocation can be simply stated. The applicant has occupied its current location for twenty-six years. It needs larger and more modern space, with improved patient flows. Its lobby is too small to accommodate patients comfortably in peak visiting hours. It has no conference room, and inadequate group meeting space. It needs more, and larger, restrooms for staff and patients. It needs a more professional appearance. The proposed location and interior design offer needed improvements. Program expansion will be possible at the new location; but that is not the reason for the relocation. The facility's enrollments have been fairly consistent for several years and no increases of utilization are projected in the near future.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

1. For fixed site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total Cost (As defined by Agency Rule);
 2. Expected Useful Life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedule of operations.

2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost;
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable; no major medical equipment is proposed.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

1. SIZE OF SITE (IN ACRES);
2. LOCATION OF STRUCTURE ON THE SITE;
3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project is located at 2165 Spicer Cove, Memphis, Tennessee 38134. The site is in Perimeter Point Business Center, an established office complex. It is approximately 3 miles and 8 minutes' drive time from RPA's current location near the Raleigh Shopping Center. Table One below shows drive times and distances between this clinic and the other two clinics of this type in Memphis (all three are operated by BHG). The new site will have municipal bus service within a walking distance of a few hundred feet. The site is 5.3 miles and 9 minutes' drive time from the Memphis interstate network via Exit 8 on I-40. Existing and future patients can easily find the site.

Table One: Distances and Drive Times Between BHG Memphis Facilities At Proposed Locations			
	Raleigh Professional Associates (RPA) 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates (RPA) 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Memphis Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

Source: Google Maps, 5-1-13

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

IV. FOR A HOME CARE ORGANIZATION, IDENTIFY....

Not applicable. The application is not for a home care organization.

C(I) NEED

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C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.

A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.

B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

General Criteria for Change of Site

(4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Agency may consider, in addition to the foregoing factors, the following factors:

(a) *Need.* The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed site.

There is a practical need to move the facility. The current location has insufficient parking, a building that is not optimally maintained, and a clinic space that cannot increase if the program's enrollment ever increases.

The proposed new site is approximately 3 miles from the current site, within the same area of Memphis, and is accessible from the same I-240 Exit 8 that currently is used by many RPA patients. Existing and new patients can locate and use the proposed new site just as easily as they can access the current site.

(b) *Economic Factors.* The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

The proposed relocation has no impact on the cost of care for patients enrolled in this program.

(c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

The applicant can complete renovation and preparation of the proposed location, while operating the program at its current location. The program will be relocated over a weekend. There will not be disruptive delays in any type of service, either counseling, dosing or testing.

Project-Specific Review Criteria: Non-Residential Methadone Treatment Facilities

Note: These Guidelines requiring the applicant's response are very old Guidelines that pre-date the TDH Commissioner's 2002 Report to the General Assembly on methadone programs. That Report drew on all available expert literature and concerned State agencies and healthcare professionals, and concluded that these Guidelines were obsolete and in need of updating.

Since that time, the Tennessee Department of Mental Health and Substance Abuse Services has assumed responsibility for licensing and strict oversight of methadone programs in Tennessee, through its Methadone Authority office. The General Assembly has recently passed updated legislation addressing these programs, and the Department has recently promulgated detailed, updated rules and regulations that tightly control the quality of the programs. The applicant is owned by a company that is Tennessee's largest provider of OTP services through nine clinics across the State. All are accredited and all comply with Tennessee's high licensing standards.

A non-residential narcotic treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency.

Complies. The project follows strict rules of the Department of Mental Health and Substance Abuse Services in all the above categories of its operation. As required by State rules, the clinic is medically supervised by a Board-certified physician Medical Director who has extensive experience and expertise in opioid dependency. The program provides continuous and intensive counseling, support services, and mental health

assessments aimed at helping the patient become free of opioid dependency as soon as possible, and to manage life successfully on methadone maintenance, until that time. This includes educational services delivered through the counseling staff and referral to vocational services. The accreditation team found that this program provides good service to its patients.

Need

The need for non-residential narcotic treatment facilities should be based on information prepared by the applicant for CON, which acknowledges the importance of considering demand for services along with need, and addressing and analyzing service problems as well.

Complies. This is an existing program depended on by approximately 250 patients per day. It needs to relocate in order to provide an improved physical environment for its patients.

The assessment should cover the proposed service area and include the utilization of existing service providers, scope of services provided, patient origin, and patient mix.

Not applicable. This is a change of site application that does not involve the initiation of a reviewable program or any significant change in the existing program or its enrollment. However, the applicant has provided its historic and projected utilization and data in another section of the application.

The assessment should consider that the users of opiate drugs are the clients at non-residential narcotic treatment facilities, and because of the illegal nature of opiate drug use, data will be based on estimates, actual counts, arrests for drug use, and hospital admittance for drug use.

Not applicable because an area needs assessment is not required for a CON to change sites. In addition, narcotic arrest data is not sufficiently opioid-specific to be of use in an assessment. Data on hospital admissions for drug use not available to an applicant who is not a hospital participating in the THA database project. However, such programs are not designed for long-term outpatient behavioral modification and support through counseling as well as through substitution medication.

The assessment should also include:

1. A description of the geographic area to be served by the program;
2. Population of the area to be served;
3. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs and an explanation of the basis of the estimate;
4. The estimated number of persons, in the described area, addicted to heroin or other opioid drugs presently under treatment in methadone and other treatment programs;
5. Projected rate of intake and factors controlling intake;
6. Compare estimated need to existing capacity.

Not applicable. There is no needs assessment required for a relocation of an existing provider. However, the applicant has provided service area and population data in other parts of this application.

Also, consideration should be given to the reality that existing facilities can expand or reduce their capacity to maintain or treat patients without large changes in overhead.

Not applicable to a change in site application for an OTP facility. It should also be noted that a CON review cannot identify or verify the ability of alternative OTP providers to provide such expansions without large changes in overhead.

Service Area

The geographic service area should be reasonable and based on an optimal balance between population density and service proximity.

Complies. The applicant's proposed service area was defined by recent historical utilization of the applicant's own program.

The relationship of the socio-demographics of the service area and the projected population to receive services should be considered. The proposal's sensitivity to and the responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups.

Complies. Opioid dependency occurs in every adult age group and socio-economic level of our population. There is no particular age group between 20 and 64 that merits special consideration. Older persons rarely enter this program because their opioid dependencies usually have caused their deaths before age 65; dependent persons

typically have 30-40% shorter life expectancies than their peers. For example, in this Memphis program, only approximately 5.6% of patients are 65 years of age or older.

The Memphis BHG programs are open to all of the above-named “special needs” groups. Gender, race, ethnicity, and income are not considered in admission decisions. In a study of the increasing national abuse of pain relief medications from 1994 through 2008, the U.S. Substance Abuse and Mental Health Services Administration stated that *“Increases in percentages of admissions [to hospital ER’s] reporting pain reliever abuse cut across age, gender, race/ethnicity, education, employment, and region.”* (TEDS Report, July 15, 2010). Admission to this clinic’s program is based solely on clinical criteria and the prospective patient’s commitment to comply with the requirements of the treatment program (drug testing, counseling, daily purchase and ingestion of prescribed medication, absence of prohibited substances in the blood, consent to coordinate care, etc.).

It should be noted that to be eligible to enter opioid treatment programs, all persons must be found to be opioid-dependent for more than a year. This means that the vast majority of opioid-dependent persons have been actively purchasing illicit drugs (that are four to six times more expensive) on the street. Switching to structured replacement therapy with methadone or buprenorphine reduces their expenses (unless the commute to the clinic imposes such steep transportation expenses that then offset those savings). Thus, having a private-pay program is not a barrier to care; and it is the norm in Tennessee programs. Users tend to have sufficient incomes to afford this program. That seems to be why Tennessee State Government declines to help TennCare-eligible adults over 20 years of age pay for methadone maintenance in a State-approved program, although it licenses and strictly regulates those programs.

Relationship to Existing Applicable Plans

The proposal’s estimate of the number of patients to be treated, anticipated revenue from the proposed project, and the program funding source with description of the organizational structure of the program delineating the person(s) responsible for the program, should be considered.

Complies. The projection is consistent with current and historical utilization trends of the facility that seeks to relocate. All facility revenue is private pay. The project funding will come from the applicant LLC. The structure of the program is detailed in the Program Summary.

The persons responsible on a daily basis for the program's operation will be the Program Director. BHG's Regional Director and a Director of Quality Compliance and Assurance will continually monitor the facility and Director and assist as needed.

The proposal's relationship to policy as formulated in local and national plans, including need methodologies, should be considered.

Complies. The applicant does not know of a formal "need methodology" either locally or nationally. In Tennessee, however, the 2002 Commissioner's Report has been the de facto State policy guide regarding the need for OTP's, and it calls for Statewide distribution of licensed OTP's at convenient locations within an hour's drive time of patients. Federal agencies consistently endorse regulated opioid treatment programs as the most effective means of dealing with the major national problem with opioid dependency.

This project simply allows an existing, accredited, licensed program to continue in operation at a different, but nearby, location.

The proposal's relationship to underserved geographic areas and underserved population groups, as identified in local plans and other documents, should be a significant consideration.

Not applicable. The change of site is not subject to review as to need.

The impact of the proposal on similar services supported by State appropriations should be assessed and considered.

Complies. There are no similar facilities in the Memphis area that are supported by State appropriation. No Tennessee OTP programs will be adversely impacted by this proposed change of site of an existing OTP facility.

The applicant has no means of identifying project impact on the treatment of opioid dependents who are admitted to residential programs in hospitals or other facilities who might be covered by TennCare or Medicare. However, these inpatient programs are much more expensive than licensed nonresidential OTP's operated by this applicant.

The degree of projected financial participation in the Medicare and TennCare programs should be considered.

The applicant will not contract with Medicare or TennCare because so few patients aged 65+, and so few eligible TennCare enrollees 18-20 years of age (18 is the minimum age for the clinic and 20 is the maximum age for TennCare) seek enrollment for treatment. However, both groups will be served on a private pay basis and TennCare patients aged 18-20 are eligible to claim reimbursement from their MCO's. See Section A.13 for a more complete discussion.

The Framework for Tennessee's Comprehensive State Health Plan

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Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The programs improve the health of patients who are opioid-dependent. Without such a program, their bodies would deteriorate steadily and their lives would be shortened significantly. The programs enable compliant patients to resume normal and productive lives in their communities.

2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

The applicant is proposing to change locations to give its patients a better building in which to receive care, and to improve its accessibility. This patient population comes to this facility many times a month (usually daily) and needs efficient access to services.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The proposed change of location will allow the applicant to offer its program in an improved physical setting, with better parking and a more professional appearance.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

This program is carefully regulated by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). The Department's operational regulations for this type of clinic are 44 pages in length. They are designed to ensure high staff competencies and to ensure that all staff follow best practices. The applicant's parent organization, BHG, also requires continuous staff training in all aspects of this type of patient care.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

This facility is not involved with local health professional training programs on-site; but the facility's staff members are required by BHG to continuously educate and train themselves in best practices in this type of care.

C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant is not a hospital that prepares long-range development plans.

C(1).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The applicant's total service area consists of a large number of counties near Memphis, located in Tennessee, Mississippi, Arkansas, and Georgia. Approximately 82% of the applicant's patients reside in Tennessee. Shelby, Fayette, and Tipton Counties are this facility's primary service area, because they generate approximately 96% of the clinic's Tennessee patients, and approximately 79% of its total patients. Approximately 15% of the clinic's total patients reside in Mississippi, with more in DeSoto County than in any other county.

Table Two, following this page, provides patient origin data by county. A service area map and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Two: Raleigh Professional Associates Patient Origin 2013					
County	Patients	Percent of TN Total	Cumulative Percent of TN Total	Percent of Grand Total	Cumulative Percent of Grand Total
Shelby	154	74.0%	74.0%	60.6%	60.6%
Tipton	25	12.0%	86.1%	9.8%	70.5%
Fayette	21	10.1%	96.2%	8.3%	78.7%
6 Other TN Counties <4 each	8	3.8%	100.0%	3.1%	81.9%
<i>Subtotal, 10 TN Counties</i>	<i>208</i>	<i>100.0%</i>		<i>81.9%</i>	
Mississippi (10 counties)	38			15.0%	96.9%
Arkansas (4 counties)	5			2.0%	98.8%
Other States	3			1.2%	100.0%
<i>Subtotal, Non-TN Residents</i>	<i>46</i>			<i>18.1%</i>	
<i>Grand Total</i>	<i>254</i>			<i>100.0%</i>	

Source: BHG Management

C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

See Table Three on the following page for demographic trends in the primary service area (PSA) population, compared to the statewide population.

The table shows that the PSA population age 18+ will increase by 3.3% between now and 2017, while that age group Statewide will increase by 3.4% in the same period. The PSA population age 18+ now comprises 73.4% of the PSA total population; and this will increase slightly to 73.6% in 2017. Tennessee residents aged 18+ now comprise 77.3% of the statewide population, and this will be unchanged through 2017.

The primary service area has lower poverty rates than the State--15.7% compared to 16.9%. A larger percent of the PSA 18+ population is in TennCare--9.4% compared to 8.1% Statewide.

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Table Three: Demographic Characteristics of Primary Service Area Of Raleigh Professional Associates 2013-2017					
Demographic	Shelby County	Fayette County	Tipton County	PRIMARY SERVICE AREA	STATE OF TENNESSEE
Median Age-2010 US Census	34.6	41.9	36.6	37.7	38.0
Total Population- 2013	956,126	39,818	63,857	1,059,801	6,361,070
Total Population-2017	983,298	41,841	67,365	1,092,504	6,575,165
Total Population-% Change 2013 to 2017	2.8%	5.1%	5.5%	3.1%	3.4%
Age 18+ Population-2013	699,416	30,905	47,938	778,259	4,915,393
% of Total Population	73.2%	77.6%	75.1%	73.4%	77.3%
Age 18+ Population-2017	720,498	32,772	50,756	804,026	5,083,466
% of Population	73.3%	78.3%	75.3%	73.6%	77.3%
Age 18+ Population-% Change 2013-2017	3.0%	6.0%	5.9%	3.3%	3.4%
Median Household Income	\$46,102	\$57,437	\$50,869	\$46,102	\$43,989
TennCare Enrollees >18 (12/12)	91,096	3,773	4,614	99,483	514,384
Percent of 2013 Population >18, Enrolled in TennCare	9.5%	9.5%	7.2%	9.4%	8.1%
Persons 18+ Below Poverty Level (2012)	140,583	3,616	7,335	122,187	830,701
Persons Below Poverty Level As % of Population	20.1%	11.7%	15.3%	15.7%	16.9%

Sources: TDH Population Projections, Feb. 2008; U.S. Census QuickFacts and FactFinder2;
TennCare Bureau. PSA data is total, or unweighted average, of county data.
NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Opioid addiction is found in all ages and socioeconomic and ethnic groups. The services of this facility are, and will continue to be, provided to all members of the above groups who qualify medically and who accept the disciplines of the program.

Financial accessibility is broadly assured, and better than other alternatives, because the monthly costs of obtaining substitution medications in a structured program like this are significantly lower than the same patients had been paying in cash for access to illicitly sold pharmaceuticals "on the street".

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The applicant's program has been serving Memphis area patients for 26 years. Its primary Tennessee service area consists of Shelby, Fayette, and Tipton Counties. There are three OTP clinics in Shelby County, serving a number of counties in West Tennessee and adjoining counties in Mississippi and Arkansas. All three are BHG-owned clinics: Memphis Center for Research and Addiction Treatment (MCRAT), ADC Recovery and Counseling Center (ADC), and Raleigh Professional Associates (RPA). These three are geographically distributed over Memphis in a triangular configuration, with MCRAT being downtown, ADC located to the southeast, and RPA located to the northeast.

Table Four: Distances and Drive Times (Same as Table One) Between BHG Memphis Facilities at Proposed Locations			
	Raleigh Professional Associates 2165 Spicer Cove	Memphis Center for Rehab'n & Treatment 1734 Madison Ave	ADC Recovery and Counseling Center 4539 Winchester Rd
Raleigh Professional Associates 2165 Spicer Cove	--	13.6 miles / 19 min.	12.4 mi. / 18 min.
Center for Rehab'n & Treatment 1734 Madison Ave	13.6 miles / 19 min.	--	8.7 miles / 20 min.
ADC Recovery and Counseling Center 4539 Winchester Rd	12.4 mi. / 18 min	8.7 miles / 20 min.	--

Source: Google Maps, 5-1-13

There are no other State-licensed OTP programs in West Tennessee closer than Dyer and Madison Counties, approximately 75 and 78 miles, respectively, north and east of Memphis.

Table Five: Utilization of OTP Providers in Primary Service Area 2010-2012			
Utilization/Facility	Center for Research and Addiction Treatment	ADC Recovery and Counseling	Raleigh Professional Associates
2010 Patients (Avg Daily Census)	395	253	234
2011 Patients (Avg Daily Census)	348	231	249
2012 Patients (Avg Daily Census)	353	249	272
2010 Visits/Encounters	144,218	92,480	85,487
2011 Visits/Encounters	127,229	84,404	90,968
2012 Visits/Encounters	128,963	91,337	97,149

Source: BHG Records

Programs in Adjoining States

The applicant believes that the closest such licensed facilities of this type are in Jackson, Mississippi, 211 miles south of Memphis; in Little Rock, Arkansas, 140 miles west of Memphis; and in Paducah, KY, 200 miles north of Memphis.

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, PROVIDE THE DETAILS REGARDING THE METHODOLOGY USED TO PROJECT UTILIZATION. THE METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

The applicant's historic and projected utilization data are in Tables Six-A and Six-B below. The applicant has projected 2013 by annualizing the first four months of CY2013.

Table Six-A: Raleigh Professional Associates Historical Utilization CY2010-CY2012			
	2010	2011	2012
Average Daily Census for the Year	234	249	272
Encounters (Doses) During the Year	85,487	90,968	97,149

Table Six-B: Raleigh Professional Associates Projected Utilization CY2013-CY2015			
	2013 Ann'd	Yr 1- CY2014	Yr 2- CY2015
Average Daily Census for the Year	259	260	260
Encounters (Doses) During the Year	93,240	94,900	94,900

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- **ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

- **THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.**

- **THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.**

- **FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1. On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by BHG management.

Line A.2, legal, administrative, and consultant fees, include a contingency for expenses of dealing with potential opposition in hearings, as well as for legal costs of leasing the project site.

Line A.5, construction cost, was estimated by BHG development staff, based on preliminary drawings, inspection of the building site, and current experience with similar projects.

Line A.6, contingency, was estimated at 5% of construction costs in line A.5.

Lines A.8 provides for a small amount of new equipment and furnishings for the expanded space.

Line A.9 includes such costs as information systems and telecommunications installations.

Line B1 is the fair market value of the leased space, the higher of the two calculations required by HSDA staff. Please see the spreadsheet calculations attached after the Project Cost Chart.

PROJECT COSTS CHART -- RALEIGH PROFESSIONAL ASSOCIATES

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	8% OF A.5	\$	41,160
2. Legal, Administrative, Consultant Fees (Excl CON Filing)			60,000
3. Acquisition of Site			0
4. Preparation of Site			0
5. Construction Cost	7,350 SF @ \$70 PSF		514,500
6. Contingency Fund	5% OF A.5		25,725
7. Fixed Equipment (Not included in Construction Contract)			0
8. Moveable Equipment (List all equipment over \$50,000)			30,000
9. Other (Specify)	IT, telecommunications		15,000

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	lease cost	447,520
2. Building only		0
3. Land only		0
4. Equipment (Specify)		0
5. Other (Specify)		0

C. Financing Costs and Fees:

1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify)	0

D. Estimated Project Cost
(A+B+C)

1,133,905

E. CON Filing Fee

3,000

F. Total Estimated Project Cost (D+E)

TOTAL \$ 1,136,905

Actual Capital Cost 689,385
 Section B FMV 447,520

RPA Memphis

RPA Lease Outlay Calculation (125 mo.; 6 mos. Free)				
Lease Year	Mo. Of Rent	Rent/Month	Outlay	
1.0	4.00	\$3,454.00	\$13,816.00	
2.0	12.00	\$3,557.62	\$42,691.44	
3.0	12.00	\$3,664.34	\$43,972.08	
4.0	12.00	\$3,774.27	\$45,291.24	
5.0	12.00	\$3,887.49	\$46,649.88	
6.0	12.00	\$4,004.11	\$48,049.32	
7.0	12.00	\$4,124.23	\$49,490.76	
8.0	12.00	\$4,247.95	\$50,975.40	
9.0	12.00	\$4,375.38	\$52,504.56	
10.0	12.00	\$4,506.64	\$54,079.68	
		Total	\$447,520.36	

Lease Yr = Mar-Feb; starts Mar 1, 2013

ADC FMV Calculation	
Leasehold SF	7,350.00
Building SF	16,806.00
% Leased	43.7%
Bldg FMV	\$750,000.00
Leasehold FMV	\$328,007.85

Rent Paid OPERATIONAL Yrs 1-2*					
Operat'l Year	Jan Rate	1 Mos. Rent	Feb-Dec Rate	11 mos. Rent	Annual Rent
Yr 1-2014	\$3,454.00	\$3,454.00	\$3,557.62	\$39,133.82	\$42,587.82
Yr 2-2015	\$3,557.62	\$3,557.62	\$3,664.34	\$40,307.74	\$43,865.36

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).

 A. Commercial Loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

 B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

 C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

 D. Grants--Notification of Intent form for grant application or notice of grant award;

 x **E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

 F. Other--Identify and document funding from all sources.

Attachment C, Economic Feasibility--2, contains a financing commitment letter from senior management of BHG, the applicant's parent, and documentation that there are sufficient resources to fund the project.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The space to be leased is in good condition. The estimated \$514,500 renovation cost is \$70 PSF, to create 7,350 SF of clinic space.

There are no meaningful comparisons available, for projects involving office space or commercial-grade renovation. Costs vary greatly depending on the condition of the office space being acquired. The CON approved in 2011 to relocate the Memphis Center for Rehabilitation and Treatment projected only \$14.29 PSF for its renovation. The approved new OTP facility in Columbia (CN0905-020) projected a renovation cost of \$35.45 PSF construction cost.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

HISTORICAL DATA CHART -- RALEIGH PROFESSIONAL ASSOCIATES

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Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in January.

		Year 2010	Partial 2011*	Year 2012
	Patients		266	285
	Encounters		10,907	104,119
A.	Utilization Data			
B.	Revenue from Services to Patients			
1.	Inpatient Services	\$		
2.	Outpatient Services		126,455	1,261,558
3.	Emergency Services			
4.	Other Operating Revenue			
	(Specify) <u>See notes</u>			
	Gross Operating Revenue	\$ 0	\$ 126,455	\$ 1,261,558
C.	Deductions for Operating Revenue			
1.	Contractual Adjustments	\$	0	0
2.	Provision for Charity Care		1,897	18,923
3.	Provisions for Bad Debt		3,161	31,539
	Total Deductions	\$ 0	\$ 5,058	\$ 50,462
	NET OPERATING REVENUE	\$ 0	\$ 121,397	\$ 1,211,096
D.	Operating Expenses			
1.	Salaries and Wages	\$	54,356	\$ 482,357
2.	Physicians Salaries and Wages		13,375	144,200
3.	Supplies		5,312	47,227
4.	Taxes		5,806	44,083
5.	Depreciation		827	201,747
6.	Rent		3,426	37,166
7.	Interest, other than Capital		0	0
8.	Management Fees			
	a. Fees to Affiliates		0	0
	b. Fees to Non-Affiliates		0	0
9.	Other Expenses (Specify) <u>See notes</u>		17,487	245,853
	Total Operating Expenses	\$	100,589	\$ 1,202,633
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 0	\$ 20,808	\$ 8,463
F.	Capital Expenditures			
1.	Retirement of Principal	\$	\$	\$
2.	Interest			184,781
	Total Capital Expenditures	\$ 0	\$ 0	\$ 184,781
	NET OPERATING INCOME (LOSS)			
	LESS CAPITAL EXPENDITURES	\$ 0	\$ 20,808	\$ (176,318)

*2011 reflects operations from 11/21/11-12/31/11; VCPHCS XXI, LLC acquired the treatment facility on 11/21/11

Notes to D9, Other Expenses:

<u>Category of Expense</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>
<u>Insurance</u>			
Insurance			
Liability & Contents		287	6,036
Workers Compensation		155	2,380
Employee Health/Dental/Vision		991	39,728
401k		488	5,757
Lab Fees		2,601	32,042
Maintenance		945	14,607
Training & Education		-	210
Security		983	37,607
Licenses & Permits		2,627	6,302
Office Expense		2,191	21,647
Utilities		372	7,806
Telecommunications		2,237	17,696
Practice Management Software		260	5,685
Miscellaneous (1)		3,350	32,186
Corporate Overhead Allocation		-	16,164
Total		17,487	245,853

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, office supplies, etc.

*2011 reflects operations from 11/21/11-12/31/11; VCPHCS XXI, LLC acquired the treatment facility on 11/21/11

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PROJECTED DATA CHART -- RALEIGH PROFESSIONAL ASSOCIATES

SUPPLEMENTAL- # 2

May 30, 2013

3:46 pm

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins in January.

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		Year 2014	Year 2015
	Patients	260	260
	Encounters	94,900	94,900
A.	Utilization Data		
B.	Revenue from Services to Patients		
1.	Inpatient Services	\$ 1,284,400	\$ 1,324,960
2.	Outpatient Services		
3.	Emergency Services		
4.	Other Operating Revenue (Specify)		
	Gross Operating Revenue	\$ 1,284,400	\$ 1,324,960
C.	Deductions for Operating Revenue		
1.	Contractual Adjustments	\$ 19,266	\$ 19,874
2.	Provision for Charity Care	32,110	33,124
3.	Provisions for Bad Debt		
	Total Deductions	\$ 51,376	\$ 52,998
	NET OPERATING REVENUE	\$ 1,233,024	\$ 1,271,962
D.	Operating Expenses		
1.	Salaries and Wages	\$ 497,125	\$ 512,039
2.	Physicians Salaries and Wages	68,640	70,356
3.	Supplies	38,500	40,000
4.	Taxes	49,713	51,204
5.	Depreciation	125,000	100,000
6.	Rent	42,588	43,865
7.	Interest, other than Capital	-	-
8.	Management Fees		
a.	Fees to Affiliates	0	0
b.	Fees to Non-Affiliates	0	0
9.	Other Expenses (Specify) <small>See notes</small>	280,612	291,985
	Total Operating Expenses	\$ 1,102,178	\$ 1,109,449
E.	Other Revenue (Expenses) -- Net (Specify)	\$	\$
	NET OPERATING INCOME (LOSS)	\$ 130,846	\$ 162,512
F.	Capital Expenditures		
1.	Retirement of Principal	\$ 0	\$ 0
2.	Interest	135,000	100,000
	Total Capital Expenditures	\$ 135,000	\$ 100,000
	NET OPERATING INCOME (LOSS)		
	LESS CAPITAL EXPENDITURES	\$ (4,154)	\$ 62,512

Notes to D9, Other Expenses:

<u>Category of Expense</u>	<u>2014</u>	<u>2015</u>
Insurance		
Liability & Contents	6,100	6,200
Workers Compensation	2,500	2,000
Employee Health/Dental/Vision	41,000	43,000
401k	6,000	6,750
Lab Fees	33,500	34,750
Maintenance	10,000	11,250
Training & Education	2,500	3,000
Security	38,500	40,000
Licenses & Permits	6,400	6,400
Office Expense	16,200	17,400
Utilities	9,000	9,600
Telecommunications	18,000	19,500
Practice Management Software	18,000	18,000
Miscellaneous (1)	56,412	57,135
Corporate Overhead Allocation	16,500	17,000
Totals	280,612	291,985

(1) Includes advertising, bank fees, dues & subscriptions, employee recruitment, office supplies, etc.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: Raleigh Professional Associates Projected Charge Data for Years One and Two		
	Year One	Year Two
Patients (Average Daily Census)	260	260
Average Gross Charge Per Patient	\$4,940	\$5,096
Average Deduction from Operating Revenue	\$198	\$204
Average Net Charge (Net Operating Revenue)	\$4,742	\$4,892

It is not possible to identify the average length of stay and average patient charge per program completion. Opioid treatment programs have varying lengths of stay and "completion" is not a concept applicable to all patients. Addiction has physical and psychological dimensions. Methadone addresses the physical addiction. In some cases it can allow brain receptors to begin operating more normally in 12 to 16 months. Its efficacy depends on how long the patient's addiction has existed, and the amounts and types of substances abused, prior to beginning treatment. If the patient's addiction has existed for years, brain receptors may be sufficiently altered such that lifetime medication maintenance is needed. Moreover, the psychological dimensions of addiction, reinforced by the patient's environment, often take a long time to deal with. Failure to progress in that area can lead to the resumption of addictive behavior. BHG encourages every patient to achieve and maintain sobriety--whether that be while maintaining maintenance with methadone, or after tapering off a daily medication maintenance regimen. While some patients do successfully taper off replacement medication, many patients find they need to be in a program indefinitely and are high functioning (drug and disease free) while remaining in treatment. BHG's analysis of its patients in 2010 indicated that 65% of them had been enrolled for more than one year, and 35% had been enrolled for a year or less. No other historical information is available. Some patients leave the program after a period of time for undisclosed reasons making it difficult to learn if a patient has moved to another similar clinic or a different type of treatment (e.g., inpatient treatment or intensive outpatient counseling).

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

With respect to the charge per dose for methadone itself, there is not a separate charge per dose. The clinic's weekly or daily charge its patients includes all medications, unlimited individual and group counseling sessions, unlimited physician visits (Medical Director), laboratory tests as needed, case management of medical issues, assistance with daily life activities, job searches, and educational opportunities. In all OTP clinics, each patient's annual charges vary with the amount of counseling and testing required by his or her individual treatment plan. Below is a comparison of BHG's current weekly charge at each of its Tennessee facilities as of today. As noted below, this typically increases at BHG facilities by \$3.00-\$4.00 annually each summer. The current detailed fee/charge schedule for the applicant is provided following this page.

	<u>Current Routine Weekly Charge*</u>
Memphis Center for Research and Addiction Treatment	\$98
ADC Recovery and Counseling Center, Memphis	\$98
Jackson Professional Associates	\$98
Paris Professional Associates	\$98
Recovery of Columbia	\$95
Middle TN Treatment Center, Nashville	\$109
DRD Medical Clinic Central, Knoxville	\$116
DRD Medical Clinic Bernard, Knoxville	\$116

** The standard "weekly charge" is a per-patient charge covering the routine services to each patient. It does not include individually incurred charges for such things as positive drug screens, annual physicals, replacement ID cards, or bottle services.*

BHG usually increases its weekly program fee approximately \$3.00-\$4.00 per year. This increase goes into effect each summer. Other charges listed in the schedule are non-routine charges. The relocation of this program will not impose any new costs that will impact the charge structures of the program.

BEHAVIORAL HEALTH GROUP--MEMPHIS

PROGRAM FEES 2012-2013

Basic Services		Description	Fee	Basis
Admission & Induction (Option 1 - pay up front)		Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation	\$ 60.00	One-Time
Admission & Induction (Option 2 - pay over time)		Admission into MMT/LTD; includes history and physical, blood work, drug screen, and related documentation	\$ 72.00	One-Time
Methadone Maintenance Treatment (MMT)		Methadone maintenance treatment includes methadone, counseling, and related administration	\$ 98.00	Weekly
Annual Physical		Annual physical and blood work (begins 2nd year in treatment and is paid on anniversary date)	\$ 30.00	Annually
Additional Products & Services		Description	Fee	Basis
Jail/Hospital Dosing Setup Fee		Fee to cover the cost of documentation and approvals required for on-site dosing services at jail, hospital, etc.	\$ 20.00	One-Time
Jail/Hospital Dosing Fee		Daily fee required for on-site dosing services at jail, hospital, etc.	\$ 14.00	Daily
Jail/Hospital Dosing Mileage Reimbursement Fee		Rate per mile (roundtrip) charged for on-site dosing services at jail, hospital, etc.	\$ 0.50	Per Mile
Individual Aftercare Counseling		Fee per individual counseling session - maximum session = 1 hour	\$ 50.00	Per Each
Group Individual Aftercare Counseling		Fee per group counseling session - maximum session = 1 hour	\$ 25.00	Per Each
Temporary Transfers		(see schedule below)		
Guest Dose - Setup (Non-BHG Pt.)		Annual setup for new temporary transfer patients (covers administrative costs of documentation, verification, etc.)	\$ 25.00	Per Each
Guest Dose - Daily Dosing (Non-BHG Pt.)		Daily dosing for temporary transfer patients	\$ 15.00	Daily
Guest Dose - Setup (BHG Pt.)		Annual transfer setup fee for BHG patient who will be temporarily attending a BHG sister clinic	\$ 15.00	Per Each
Guest Dose - Daily Dosing (BHG Pt.)		Daily dosing for existing BHG patient at a BHG sister clinic	Home Clinic Rate	Daily
Outgoing Temp. Transfer Setup (BHG Pt.)		Documentation/verification services for BHG patient who will temporarily attend non-BHG clinic	\$ 15.00	Per Each
Non-Routine Blood Testing - Infectious Disease		Non-routine blood work (see schedule below)		
Hepatitis B Test		Bloodwork to test for the presence of Hepatitis B	\$ 15.00	Per Each
Hepatitis C Test		Bloodwork to test for the presence of Hepatitis C	\$ 21.00	Per Each
HIV Test		Bloodwork to test for the presence of HIV Virus	\$ 11.00	Per Each
Lipid Panel		Bloodwork to test for cholesterol & triglyceride levels	\$ 9.00	Per Each
Flu Vaccination		Influenza vaccination	\$ 20.00	Per Each
Hepatitis B Vaccination		Hepatitis B vaccination series	\$ 90.00	Per Each
Special Exceptions and Record Requests		Administrative processing of record(s) requested and/or regulatory approvals for special exception requests	\$ 25.00	Per Each
Lockbox		Purchase of lockbox from the clinic	\$ 20.00	Per Each
Employment Drug Testing		Drug screen for third-party employers	\$ 20.00	Per Each
Vitadone		One-month supply of Vitadone MMT-specific multivitamins	\$ 25.00	Per Each
Conditional Services & Fees		Description/ Precipitating Event	Fee	Basis
Appointment No Show Fee		Failure to keep scheduled appointment (with M.D., N.P., or fair hearing/ treatment team)	\$ 20.00	Per Each

Readmit Fee	Readmission documentation, drug screen, physician screening, and related documentation (< 90 days)	\$ 15.00	Per Each
Late Dosing Fee	Dosing within one hour of regularly scheduled dosing hours (in addition to weekly fee for services)	\$ 10.00	Per Each
After Hours Dosing Fee	Dosing more than one hour after regularly scheduled dosing hours/after the clinic is closed (in addition to weekly fee)	\$ 25.00	Per Each
Non-Routine Blood Testing - Infectious Disease	Non-routine blood work (see schedule below)		
Hepatitis B Test	Bloodwork to test for the presence of Hepatitis B	\$ 15.00	Per Each
Hepatitis C Test	Bloodwork to test for the presence of Hepatitis C	\$ 21.00	Per Each
HIV Test	Bloodwork to test for the presence of HIV Virus	\$ 11.00	Per Each
Non-Routine Blood Testing - Serum Levels	Non-routine blood work (see specific tests/fees below)		
Peak Test	Used to detect serum methadone levels	\$ 18.00	Per Each
Trough Test	Used to detect serum methadone levels	\$ 18.00	Per Each
Non-Routine Drug Testing	Specific, non-routine drug tests as required by compliance or as requested by patient (see schedule below)		
Positive Drug Tests	Fee for positive (+) drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)	\$ 10.00	Per Each
Negative Follow-up Drug Tests	Fee for all compliance required follow-up drug tests that return a negative (-) result	\$ 6.00	Per Each
No Show Drug Tests	Fee for no show drug tests (Grace periods following admission = 4 weeks for opiates and 8 weeks for all other illicit substances)	\$ 6.00	Per Each
Guest Dose Drug Screen	Fee for guest dose patients who require drug tests during their guest dosing program	\$ 20.00	Per Each
Confirmation Drug Test (GCMS)	Fee charged for patient-requested GCMS test that is (+/-), a screen for a specific drug that is positive (e.g., SOMA), or a GCMS used to determine blood levels (e.g., THC)	\$ 12.00	Per Each
Lab Confirmed Oral Swab	Fee charged for oral drug screen that is confirmed by the lab or on-site oral test kit	\$ 8.00	Per Each
Replacement ID Card Fee	Fee charged for temporary and replacement ID cards	\$ 5.00	Per Each
Replacement Dose	Fee charged for replacing lost medication (in addition to the daily dosing fee for each dose being replaced)	\$ 15.00	Per Each
Lost Medication Bottle/Bag Fee	Fee charged to replace lost or missing medication bottle	\$ 5.00	Per Each
Bad Check Fee	Fee charged for bounced check/insufficient funds	\$ 25.00	Per Each
Pregnancy Test Fee	Fee charged to female patients for whom a pregnancy test is requested or required	\$ 7.00	Per Each

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

As demonstrated above, the charges for the applicant are, and will remain, generally comparable to those of the other four BHG facilities in Tennessee.

The applicant has no current information available on current charges of any provider other than BHG. The DMHSAS does not release information on these clinics. The only information available from HSDA records are from the last two CON applications approved for non-BHG providers. Those were in Columbia (Maury County) and in Paris (Henry County) before it was acquired by BHG. This is very old information that does not seem to provide a meaningful comparison, but nothing else appears to be available.

Table Eight: Comparative Charge Information			
	The Applicant Memphis	Recovery Center of Columbia CN0905-020	Paris Professional Associates CN0903-013
Year	2014	2009	2009
Patients	260	330	200
Avg. Gross Charge	\$4,940	\$4,822	\$4,000
Avg. Deductions	\$198	\$145	None listed
Avg. Net Operating Revenue	\$4,742	\$4,677	\$4,000

The Medicare allowable data is not relevant because this facility does not contract with Medicare for reimbursement.

C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

This clinic is operational, with a well-established patient base. The applicant's projection of its utilization is conservative, at levels currently being experienced. The proposed relocation will not adversely impact the facility's overall utilization.

C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

This clinic has been operating for many years with a positive cash flow. It has been, and will remain, financially viable with a positive cash flow. Its relocation to improved space will not adversely affect its viability.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

The applicant does not anticipate contracting for TennCare or Medicare reimbursement for services, for reasons explained in section A.13 of the application. This operating model is true for all State-licensed opioid treatment programs. Almost no Medicare-age patients apply to these programs. Few TennCare enrollees of a qualified age (ages 18-20) apply for admission.

BHG does provide charitable care in the form of scholarships. Under those arrangements, medical care is provided to the patient free of charge, or at a reduced fee, for periods up to six months. Scholarships are evaluated on a case-by-case basis and awarded to approximately 1%-2% of enrollees.

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

If this provider's patients are to have the benefit of improved accessibility, parking, efficiency, and professional surroundings, relocation to new leased space is the only option.

The particular location was chosen after an extensive search of the nearby community. It appears to be the best available option for the relocation. The lease cost reflects market conditions. The applicant has avoided the high costs of new construction by selection of an existing building for renovation.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

The applicant has no contractual relationships with the facilities and organizations mentioned above. The applicant does not "discharge" patients to any other type of licensed facility. The applicant is not part of any health care alliance or network.

With respect to emergency transfer agreements, an emergency transfer agreement is not a licensure or accreditation requirement for this type of clinic, because the applicant's visiting patients are not ill, injured, or at risk for any type of medical emergency, any more than they would be in a visit to a private physician office or a pharmacy.

This clinic has had only an estimated four emergency transfers to hospitals in the past ten years. All were completed without issues due to the excellent capabilities of the local emergency response network.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

A relocation such as this is to secure an improved care environment for a particular group of ambulatory patients who must come onto the premises daily or weekly for years. That can only be a positive thing. It has no negative aspects whatsoever.

This is a type of program that is authorized by the General Assembly, and carefully regulated by the Department of Mental Health and Substance Abuse Services. The DMHSAS regulations revised in 2012 are 44 pages long (TCA Chapter 0940-5-42.1 to 42.29). The facility cares for a needy patient population for whom there is no satisfactory alternative form of care. These are patients attempting to cope with life-destroying addictions. This substitution-based program makes it possible for them to stop the physical and mental deterioration that accompanies illicit opioid use, and to resume normal activities and responsibilities in their families, workplaces, and communities. It increases public safety.

Competitive factors with other licensed providers are not an issue. This program, and the other two in the service area, are all operated by BHG.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website indicates the following Shelby County area annual salary information for clinical employees of the type employed in this project:

Table Nine: TDOL CY2012 Survey of Average Salaries Shelby County Area				
Position	Entry Level	Median	Mean	Experienced
Licensed Practical Nurse	\$33,100 \$15.90	\$39,350 \$18.90	\$39,660 \$19.05	\$42,940 \$20.65
Substance Abuse Counselor	\$25,350 \$12.20	\$34,190 \$16.45	\$35,370 \$17.00	\$40,390 \$16.45

**Table Ten: Raleigh Professional Associates
Staffing Requirements
Current and Proposed Locations**

Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Proposed Salary Range (Hourly)
Medical Director	Contract	Contract	Contract	
Program Physician	Contract	Contract	Contract	
Program Director	1	1	1	\$50,000-\$62,600
Nurses (LPN)	3	3	3	\$33,250-\$39,000
Counselors	5	5	5	\$25,000-\$41,000
Administrative	2	2	2	\$20,200-\$24,800
Counseling Supervisor	1	1	1	\$34,700-\$41,300
Nurse Practitioner	0.06	0.06	0.06	\$45/hr
Medical Assistant/Phlebotomist	1	1	1	\$19,600-\$24,500
Total FTE's	13.06	13.06	13.06	Medical Director Included

Notes:

1. Program Director and Counseling Supervisor are salaried employees.
2. Nurse includes Nursing Supervisor and Medication Nurses.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

This is an existing clinic that already meets rigorous State TDMH licensure standards; its relocation within the community will not affect its human resources or its program content. The project requires no addition of staff.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW POLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

The applicant does not have training relationships with area health professional schools. However, BHG as a company requires all its staff to complete one to two trainings per month through "BHG University" professional courses. These are in addition to required compliance trainings.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE: Tennessee Department of Mental Health and Substance Abuse Services

CERTIFICATION: The applicant is not certified for Medicare or TennCare

ACCREDITATION: Joint Commission

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Department of Mental Health and Substance Abuse Services, and holds a three-year Joint Commission accreditation.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

PROOF OF PUBLICATION

Attached.

DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

August 28, 2013

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	0	8-13
2. Construction documents approved by TDH	4	9-13
3. Construction contract signed	12	9-13
4. Building permit secured	13	9-13
5. Site preparation completed	na	na
6. Building construction commenced	14	9-13
7. Construction 40% complete	44	10-13
8. Construction 80% complete	74	11-13
9. Construction 100% complete	104	12-13
10. * Issuance of license	109	12-13
11. *Initiation of service	123	1-14
12. Final architectural certification of payment	153	2-14
13. Final Project Report Form (HF0055)	183	3-14

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

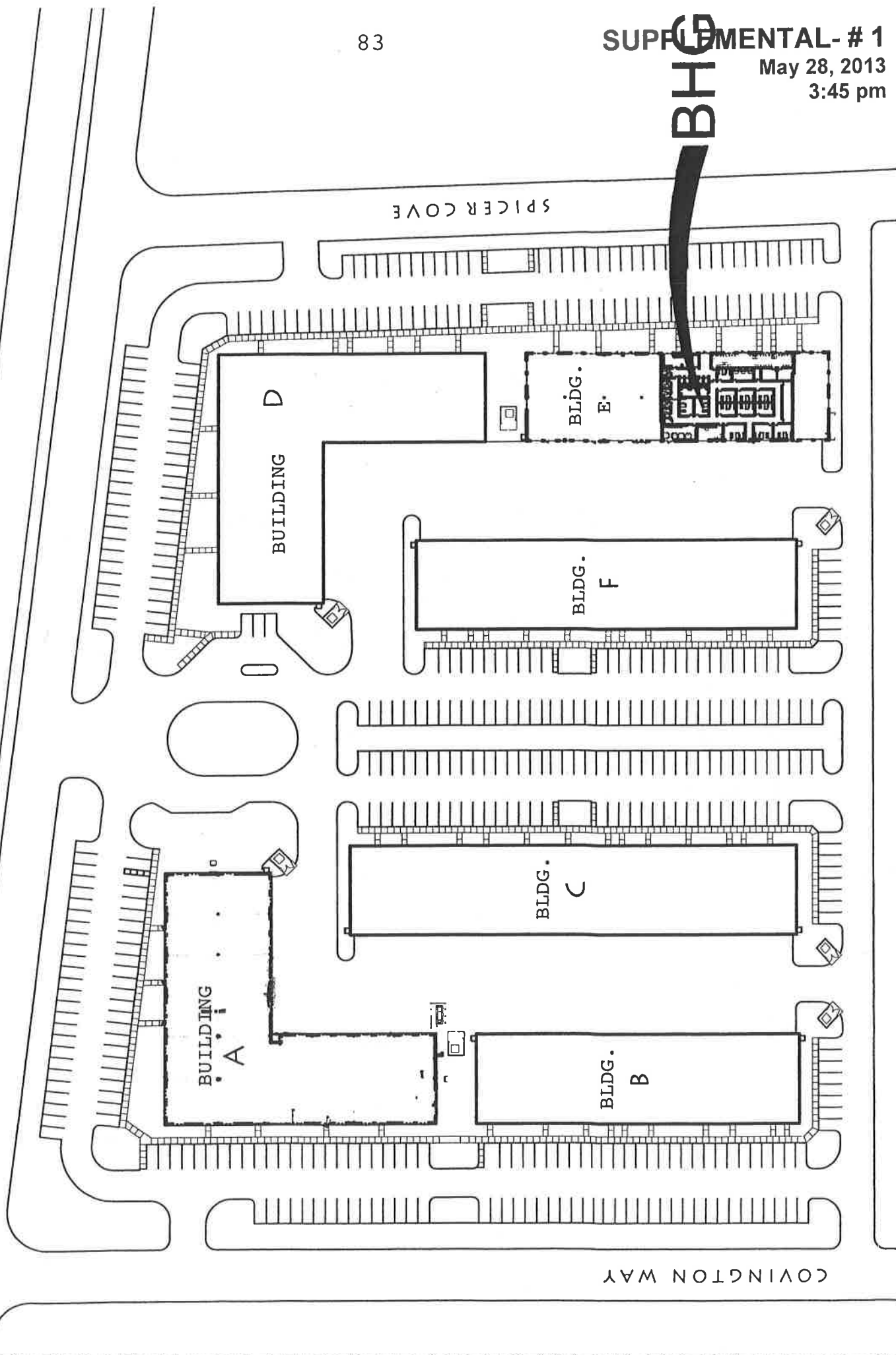
Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

B.III.--Plot Plan

Perimeter Point

(11.73 ± ACRES)

ELMORE ROAD



83

SUPPLEMENTAL- # 1
May 28, 2013
3:45 pm

BHGD

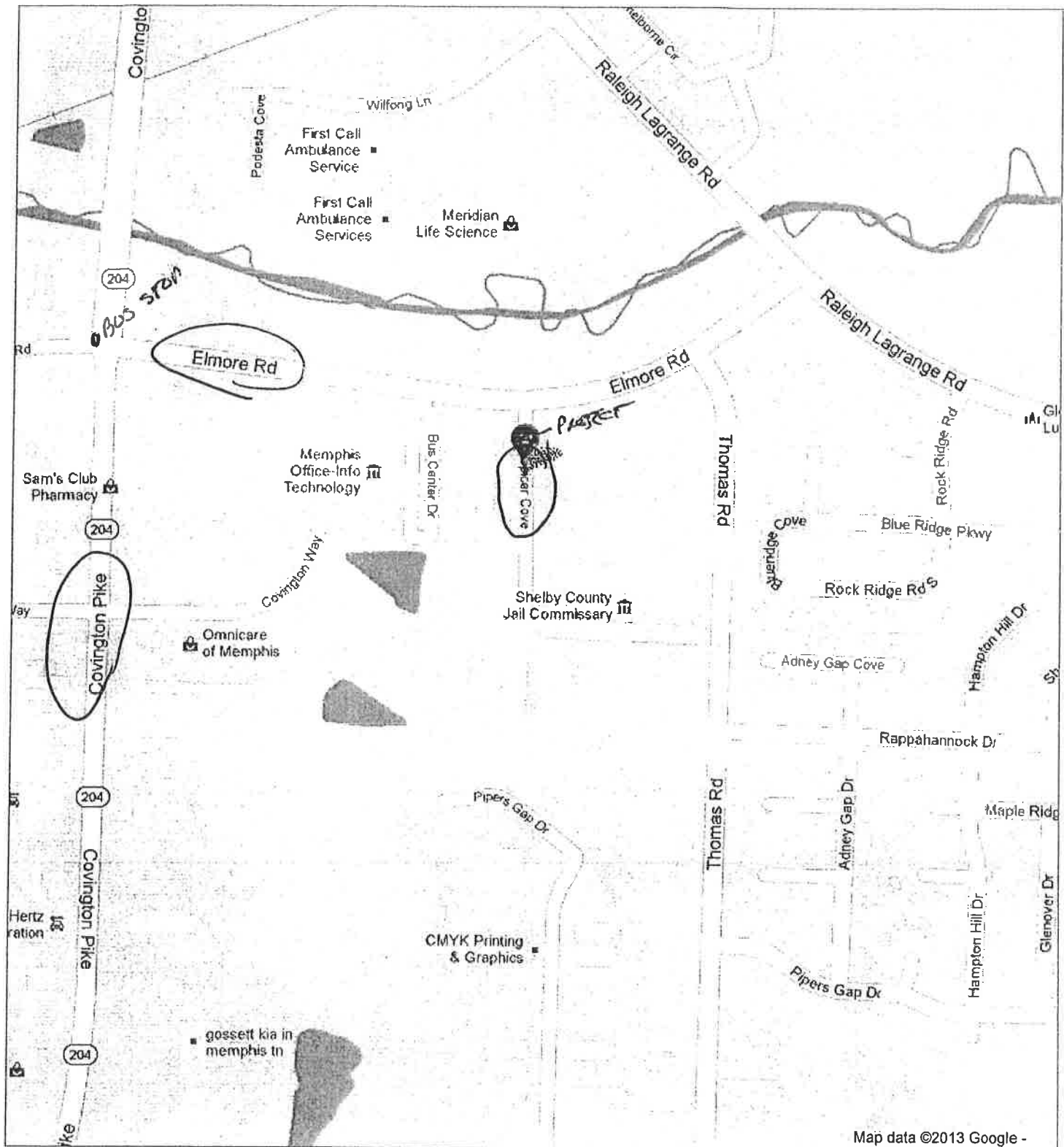
COVINGTON WAY

SUPPLEMENTAL- # 1

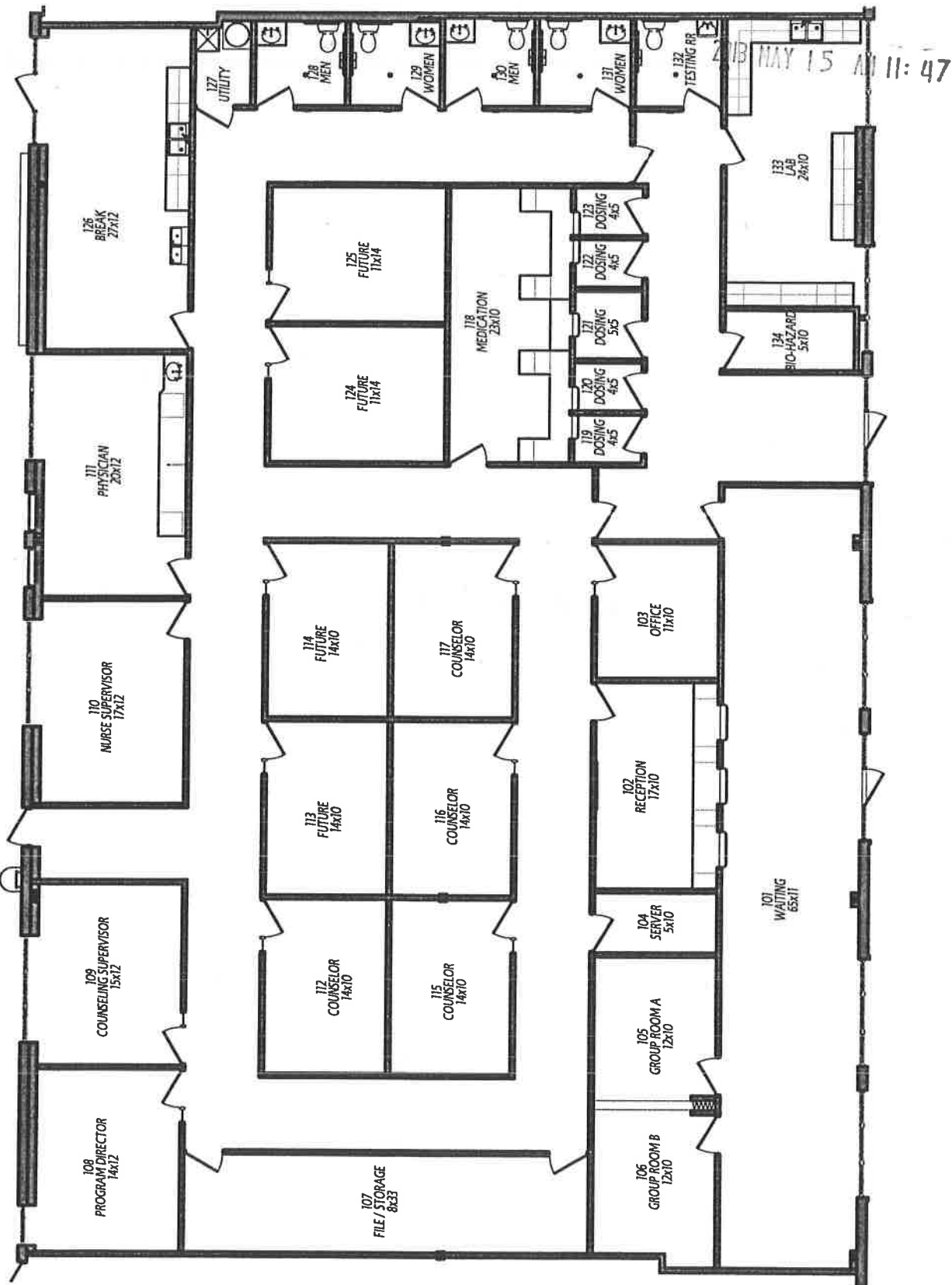
To see all the details that are visible on the screen, use the "Print" link next to the map.
May 28, 2013 8:45 pm

Google

RPA 2165 Spicer Cove



B.IV.--Floor Plan



Hope • Respect • Caring

C, Need--1.A.3.e.
Medical Director Qualifications

JOHN F. O'CONNELL, M.D.

131 GARNER GROVE COVE

COLLIERVILLE, TN 38017

TELEPHONE: (901) 481-8447

2013 MAY 15 AM 11:47

CURRICULUM VITAE

John F. O'Connell, M.D.

Birthdate: 5-23-52Birthplace: Bay City, MichiganSocial Security No: 381-60-0246Education:

All Saints High, Bay City, Michigan, 1970; Graduated Valedictorian

Central Michigan University, Pleasant, Michigan 1970-71

Alma College, Alma, Michigan 1971-72

Memphis State University, Memphis, Tennessee 1972-73

University of Tennessee Medical School, Memphis, TN 1974-76 M.D. 12-76

Honors: AOAInternship: City of Memphis Hospital 1977 MedicineResidency: City of Memphis Hospital 1978-80 MedicineMilitary Service: NoneBoard Certification: Board Eligible-Medicine 12-79; Board Certified 7-80Medical Licensure: Tenn MD 010289 1977
Miss MD 16265 1999Society Memberships: County Medical Society (Memphis and Shelby Co.); AOAInstructor, Department of Medicine University of Tennessee 1980-81
1982-83
1985-87

Chief of Medicine, Health First 1980-82

Private Practice, Germantown Internal Medicine 1983-96

Chairman-Dept. of Medicine, Germantown Community Hospital 1987-91

Private Practice-Consulting only 1996-present

Hospital setting/Industrial on-site

Lakeside Behavioral Health - 1980 - 2009

Consulting on the medical management of chemically dependent adult patients on the high & low functioning units (West/East), Dual Diagnoses

JOHN F. O'CONNELL, M.D.
131 GARNER GROVE COVE
COLLIERVILLE, TN 38017
TELEPHONE: (901) 481-9447

Units, chemically dependent adolescents on the Adolescent, Bridges
 Units and Recovery Academy.

Medical management included the initial history and physical evaluation,
 current status of addictive disease and withdrawal, mental status
 evaluation, physical complications of addictive disease and additional risk of
 further complications along with a treatment plan for the above.

Consulting work at Federal Express - Sept. 1991-Nov. 1997

Initial start up of mandatory drug testing for aviation and highway
 transportation employees/federally mandated random drug testing for all
 covered employees with development of policies/procedures and coverage
 provided as the Medical Review Officer.

US Dept. of Transportation/ FAA MROT Training- Sept. 1991

MRO Alert MRO Training Program - June 1992

Consulting work at the Med ER/Lakeside Triage Center/PDU Police Detention
 Unit Aug. 2005 - Aug. 2009

Medical evaluation and assessment of all patients admitted to the PDU or
 Lakeside Triage Center with treatment recommendations and urgent
 treatment of patients in crisis with addictive disease and subsequent
 complications.

Former Medical Director-Bright Glade and Court Manor

Former Medical Director-B'nai B'rith (Medical Administrator); Sycamore View and
 Resthaven

As Medical Director of various nursing homes noted above, I have dealt with issues
 of multiple mood altering drugs, drug tolerance and their subsequent
 complications.

August 2009 completed seminar "Proper Prescribing Procedures Schedule II
 Prescription Drug Abuse"

July 2010 completed seminar "Appropriate Use of Methadone in the OTP"

September 2010 completed seminar "Buprenorphine in the Treatment of
 Opioid Dependence"

February 2011 completed seminar "Palliative Care and Pain Management
 at the End of Life"

Program Physician for Raleigh Professional and Paris Professional Methadone
 Clinics from February 2010 to the present



Title	Medical Director	Revised March 2010
Department(s)	Medical	
Reports to	Program Director / Regional Manager / Corporate Medical Director	

Job Summary

The Medical Director supervises the medical operations of the Opiate Treatment Program and is medically responsible for all patients enrolled in the treatment program, to include special populations (e.g., pregnant patients, HIV+, patients with Hepatitis C, patients with co-occurring disorders). The Medical Director must be able to assess individuals applying for admission as well as the physical and mental stability for outpatient substance abuse treatment. The Medical Director will adhere to federal and state regulations, accreditation standards and BHG policy and procedures. The Medical Director will perform duties within the scope of his/her licensure.

Summary of Essential Job Functions

❖ Core Duties and Responsibilities

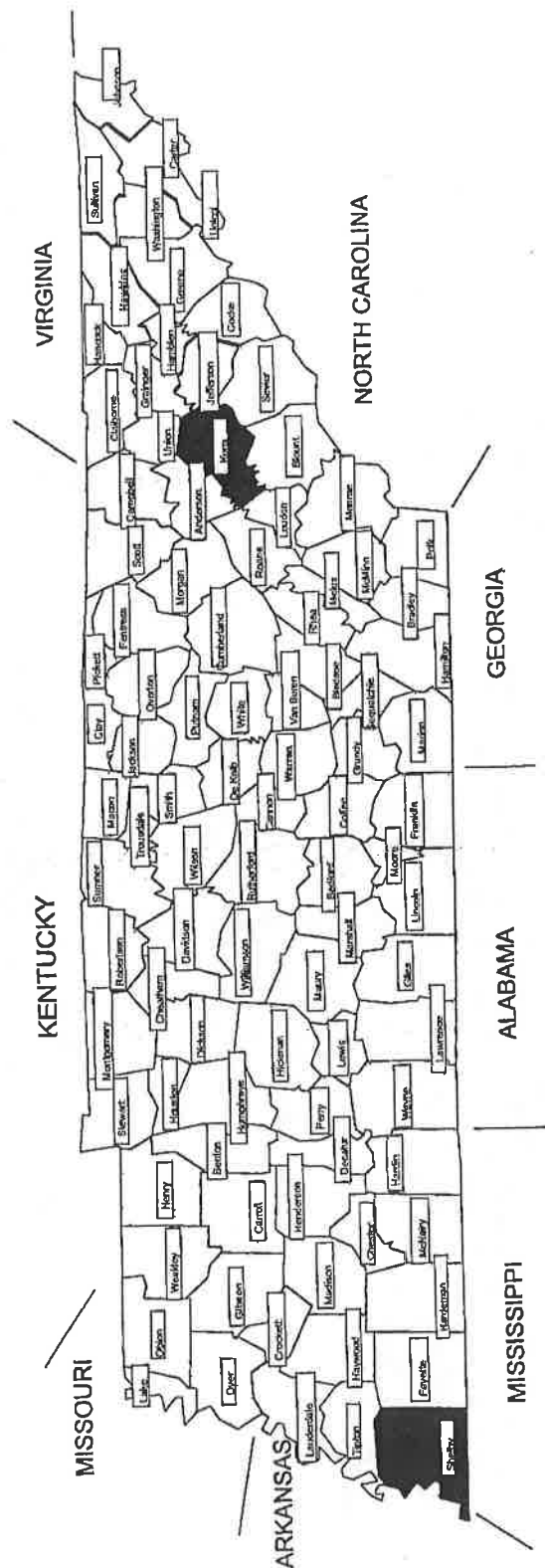
- Ensure the timely completion of admission physicals, annual physicals, medical histories, laboratory testing (including TB screening) consistent with state and federal regulations, accreditation standards and sound medical practice
- Review all laboratory results as well as medical documentation from other healthcare providers and manage each patient according to established best practice and accrediting and regulatory guidelines
- Screen patients for common medical co-morbidities and evaluate co-existing medical conditions to identify potential medication impact/drug interactions, to include over-the-counter (OTC) medications
- Prescribe and titrate the appropriate dosage of methadone or suboxone consistent with the patient's medical and addiction history to establish a maintenance dose
- Order dose increases, decreases, detoxification, or supervised withdrawal after assessment of the patient and his/her current treatment history

❖ **Core Duties and Responsibilities, (con't.)**

- Write medical orders based upon the individual needs of the patient and sign off on all medical orders within 72 hours. Review medical therapy and document those activities in the patient's chart
- Whenever necessary, provide or coordinate pharmacotherapy services to those patients who demonstrate need
- Whenever necessary, collaborate and coordinate care with other physicians, clinics or hospitals participating in the treatment of program patients
- Provide the medical input into overall treatment program philosophy, treatment services, and patient care
- Provide consultation to medical, clinical, and administrative staff in formulation and implementation of each patient's medical treatment
- Solicit feedback from clinical and administrative staff regarding patient requests and changes in patient behavior
- As requested, conduct in-service training and community education (participate in and periodically lead community consultation and mental health education as it relates to substance abuse)
- Assist in developing affiliations and collaborative relationships with community based medical providers
- Ensure that each patient receives adequate services addressing communicable diseases, including risk evaluation, clinically appropriate testing, and appropriate counseling related to testing
- Ensure treatment center meets all accreditation standards related to include medical, health, and safety issues, and other areas as assigned
- Provide medical training and supervision as related to Opioid Treatment for physicians and nurse practitioners where applicable working at the clinic
- Provide medical supervision and maintain records for Nurse Practitioner as required by state law
- Participate in peer reviews for BHG Medical Directors and/or Program Physicians as requested to comply with accrediting agency requirements.
- Provide input to Program Director on medication nurses' annual performance evaluation on the medical aspects of their position, when required to comply with accrediting agency requirements.
- Ensure 24 hour per day availability to respond in a timely manner to treatment center staff and emergency care providers when they require consultation for one of the program's patients.
- Responsible for the achievement of assigned treatment center specific annual goals and objectives
- Implementation and enforcement of the BHG's Code of Ethics and Conduct

C, Need--3
Service Area Maps

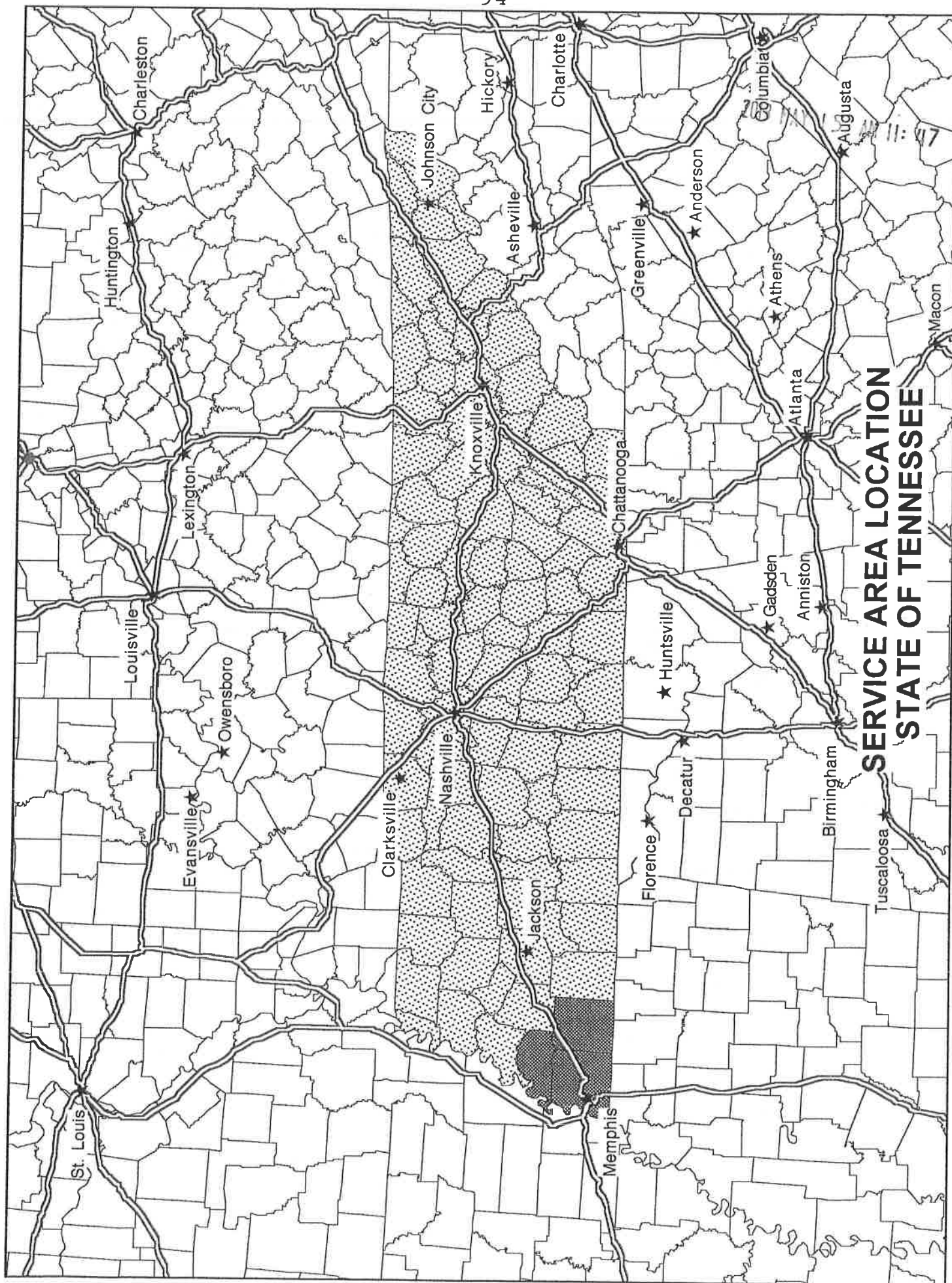
Tennessee Opioid Treatment Clinics

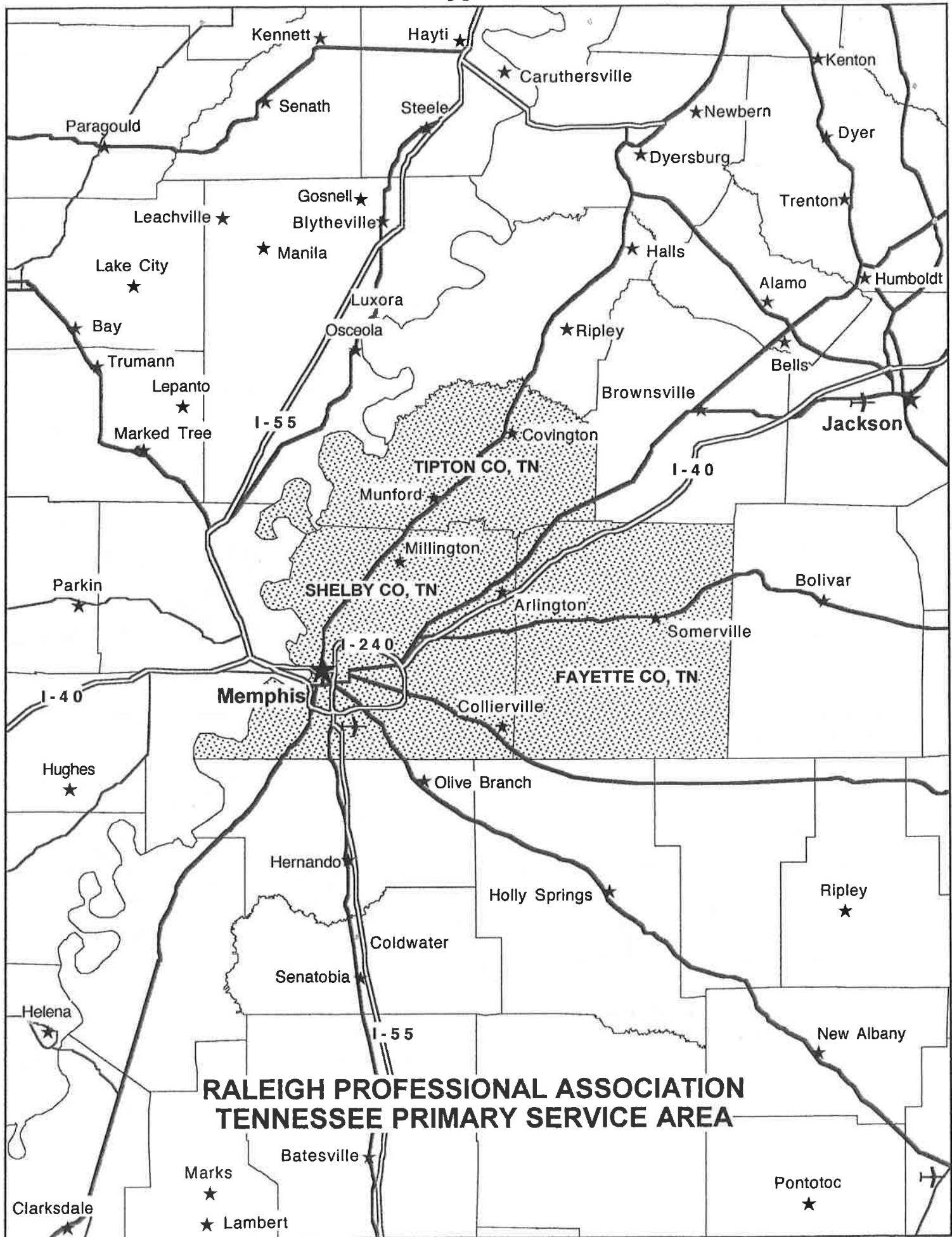


○ ONE LOCATION ● TWO LOCATIONS ● THREE LOCATIONS

SHG (9)

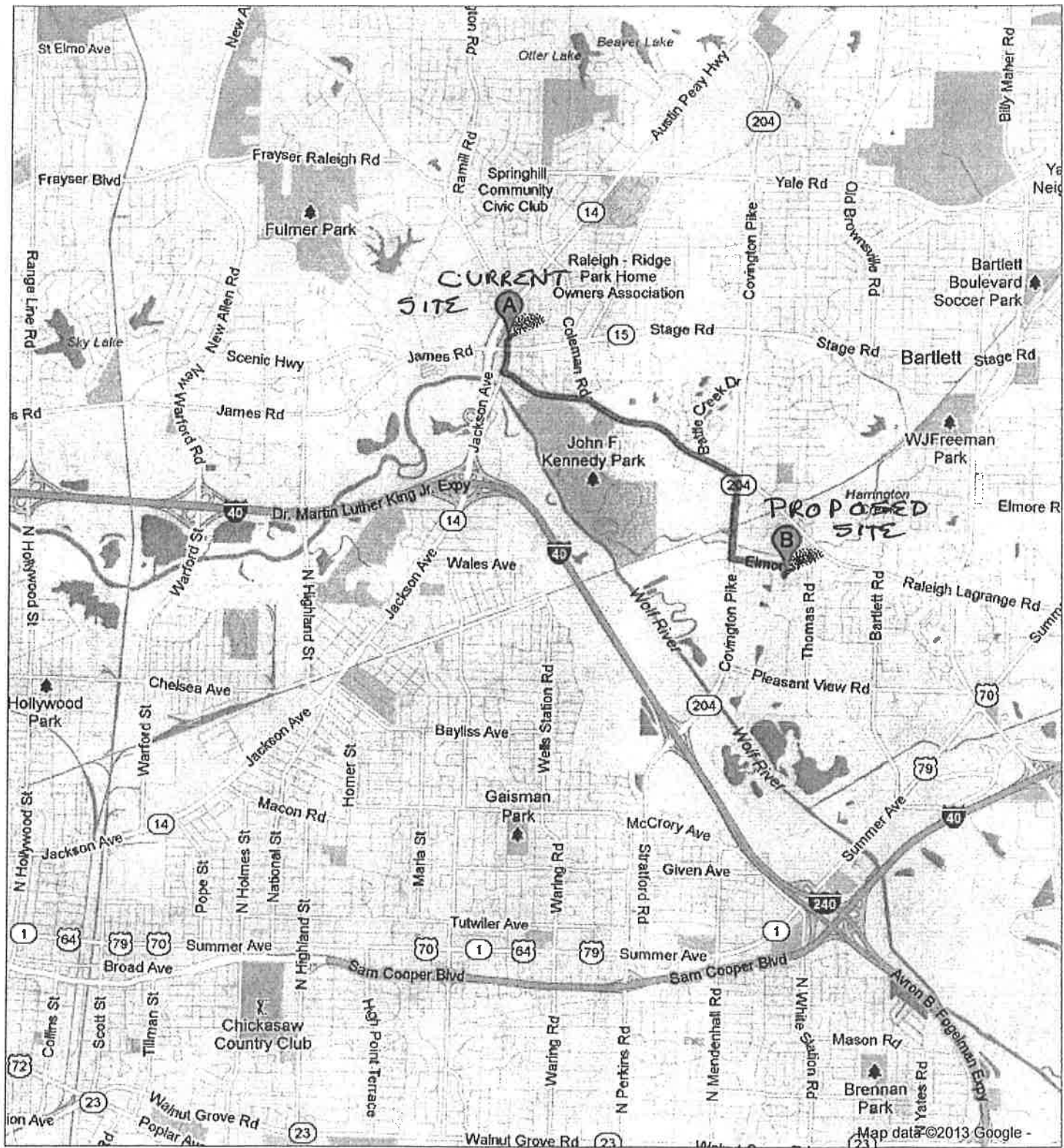
- Shelby (Memphis)**
 ADC Recovery & Counseling Center
 3041 Getwell, Suite 101
 Memphis, TN 38118
 (901) 375-1050
 Hours of Operation M-F 5a-1:30p; Sat 6a-9a
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- Memphis Center for Research & Addiction**
 1270 Madison Ave
 Memphis, TN 38104
 (901) 722-9420
 Hours of Operation M-F 5:45a-2p; Sat 6a-9a
 Dosing Hours M-F 5:45a-1p; Sat 6a-9a
- Raleigh Professional Associates**
 2960-B Austin Peay Hwy
 Memphis, TN 38128
 (901) 372-7878
 Hours of Operation M-F 5a-1p; Sat 6a-2p
 Dosing Hours M-F 5a-9a; Sat 6a-10a
- Dyer (Dyersburg)**
 MidSouth Treatment Center
 640 Hwy 51 Bypass 3, Suite M
 Dyersburg, TN 38024
 (731) 285-6535
 Hours of Operation M-Sat 5a-11a
 Dosing Hours M-F 5a-11a; Sat 6a-10a
- Marion (Jackson)**
 Jackson Professional Associates
 1869 Hwy 45 Bypass, Suite 5
 Jackson, TN 38305
 (731) 660-0880
 Hours of Operation M-F 5a-1p; Sat 6a-2p
 Dosing Hours M-F 5a-1p; Sat 6a-2p
- Henry (Paris)**
 Paris Professional Associates
 2555 East Wood Street
 Paris, TN 38242
 (731) 641-4545
 Hours of Operation M-Sat 5a-1p
 Dosing Hours M-Sat 5a-1p
- Hardin (Savannah)**
 Solutions of Savannah
 85 Harrison Street
 Savannah, TN 38372
 (731) 925-2767
 Hours of Operation M-Sat 5:30a-12p
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- Hamilton (Chattanooga)**
 Volunteer Treatment Center, Inc.
 2347 Rossville Blvd
 Chattanooga, TN 37408
 (423) 265-3122
 Hours of Operation M-Sat 5:30a-2p
 Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a
- Knox (Knoxville)**
 DRD Knoxville Medical Clinic-Central
 412 Citico Street
 Knoxville, TN 37921
 (865) 522-0661
 Hours of Operation M-Sat 5:30a-2:30p
 Dosing Hours 5:30a-11p; Sat 6a-9a
- DRD Knoxville Medical Clinic-Bernard**
 626 Bernard Avenue
 Knoxville, TN 37921
 (865) 522-0161
 Hours of Operation M-Sat 5:30a-2:30p
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- Davidson (Nashville)**
 Middle Tennessee Treatment Center
 2410 Charlotte Avenue
 Nashville, TN 37203
 (615) 321-2575
 Hours of Operation M-Sat 6a-1p
 Dosing Hours M-F 6a-1p; Sat 6a-9a
- Mary (Columbia)**
 Recovery of Columbia
 1202 South James Campbell Blvd.
 Columbia, TN 38401
 (931) 381-0020
 Hours of Operation M-Sat 5:30a-11a
 Dosing Hours M-F 5:30-11a; Sat 6a-9a





Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



C, Economic Feasibility--1
Documentation of Construction Cost Estimate



1052 Oakhaven Road
 Memphis TN 38119
 901.761.3905
 901.761.4103
www.dentonarchitecture.com

15 May 2013

Ms Melanie Hill
 Executive Director
 Tennessee Health Services and Development Agency
 161 Rosa Parks Boulevard
 Nashville Tennessee 37203

RE: Raleigh Professional Associates
 2165 Spicer Cove Memphis TN

Dear Ms Hill:

Denton Architecture has reviewed the construction cost estimate provided by Newmark Grubb Memphis. Based on experience and the current construction market, it is our opinion that the projected cost of \$514,500 appears to be reasonable for this project type, size & location.

Below is a list of the current codes and laws governing the design and construction of this project.

Codes:

- 2009 International Building Code (IBC) (with local amendments)
- 2009 International Mechanical Code (IMC) (with local amendments)
- 2009 International Plumbing Code (IPC) (with local amendments)
- 2009 International Fire Code (IFC) (with local amendments)
- 2009 International Fuel & Gas Code (IFGC) (with local amendments)
- 2009 International Energy Conservation Code (IECC) (with local amendments)
- 2009 International Existing Building Code (IEBC) (with local amendments)
- 2008 National Electrical Code (NEC) (with local amendments)
- 2003 Accessibility Code ICC/ANSI A117.1

Laws:

Americans with Disability Act Accessibility Guidelines (revised 9-15-2010)

Thank you

A handwritten signature in black ink, appearing to read 'Marcus S Denton', written over a horizontal line.

Marcus S Denton, AIA

C, Economic Feasibility--2
Documentation of Availability of Funding



Hope • Respect • Caring

8300 Douglas Avenue
Suite 750
Dallas, TX 75225
214-365-6100
bhgrecovery.com

2013 MAY 15 AM 11:47

May 13, 2013

Melanie M. Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks Boulevard
Nashville, Tennessee 37203

RE: VCPHCS XXI, LLC
Certificate of Need Application to Change Location

Dear Ms. Hill:

VCPHCS XXI, LLC d/b/a Raleigh Professional Associates is applying for a Certificate of Need to move to a new site in Memphis. This will require a capital expenditure estimated at approximately \$690,000.

The applicant LLC's only member is VCPHCS L.P., a limited partnership which does business as Behavioral Health Group (BHG). I am the President and Chief Operations Officer of Behavioral Health Group.

I am writing to confirm that VCPHCS XXI, LLC has sufficient cash assets to implement this project. The LLC's income statement and balance sheet are included in the application as documentation of its ability to provide project funding.

Sincerely,

James F. Draudt
President & Chief Operating Officer

C, Economic Feasibility--10
Financial Statements

VCPHCS XXI, LLC**Income Statement****For the 12 Months Ended March 2013**

Revenue	\$ 1,258,906
Cost of Sales	708,700
Gross Profit	\$ 550,206
Operating Exp. - Clinics	293,387
EBITDA	\$ 256,819
Depreciation & Amortization	205,990
EBIT	\$ 50,829
Interest Income	\$ -
Interest Expense	184,781
Pre-Tax Income	(133,952)
Taxes	-
Net Income	\$ (133,952)

ASSETS

Cash on Hand	\$	23,307
Segregated Cash		-
Accounts Receivable		-
Inter-company VCPHCS		1,834,805
Intercompany Appian		-
Intercompany DRD		88,281
Inventory		1,806
Prepaid Assets		17,089
Other Current Assets		-
Total Current Assets	\$	1,965,288
Non-Current Assets		
Investments DRD	\$	-
Investments in DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		-
Fixed Assets		38,997
Goodwill		354,425
Intangible Assets		261,424
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		5,857
Total Non-Current Assets	\$	660,703
Total Assets	\$	2,625,991

LIABILITIES

Current Liabilities		
Accounts Payable	\$	8,670
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		-
Current Maturities of Long-term Debt		-
Inter-company Payables-DRD		103,824
Deferred Revenue		-
Accrued Expenses		20,303
Accrued Taxes		(40,622)
Total Current Liabilities	\$	92,175
Long-term Debt	\$	-
Notes Payable due LLC Subs and DRD Mgmt		-
Deferred Lease Liability		-
Deferred Income Taxes, Net		3,521
Long-Term Liabilities	\$	3,521
Total Liabilities	\$	95,696
Treasury Stock	\$	-
Opening Balance		411,920
Paid-in Capital		-
Prior Ownership Retained Earnings		-
Retained Earnings		2,061,822
Net Income YTD		56,553
Stockholders' Equity	\$	2,530,295
Liabilities and Shareholder's Equity	\$	2,625,991



104

Tel: 214-969-7007
Fax: 214-953-0722
www.bdo.com

700 North Pearl, Suite 2000
Dallas, Texas 75201

May 13, 2013

2013 MAY 15 AM 11:47

Ms. Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Frost Building, Third Floor
161 Rosa Parks, Boulevard
Nashville, TN 37203

Dear Ms. Hill:

We have audited the consolidated financial statements of BHG Holdings, LLC, (BHG) (Parent Entity of VCPHCS LP) which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, members' equity and cash flows for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011, and the related notes to the consolidated financial statements. In connection therewith, we issued an unqualified opinion dated March 27, 2013 on such consolidated financial statements.

These consolidated financial statements are the responsibility of BHG's management. As reflected in the consolidated balance sheet as of December 31, 2012, the cash balance is in excess of \$2.5 million and total assets as of December 31, 2012, is in excess of \$22.0 million.

Our audits of the consolidated financial statements as of December 31, 2012 and 2011, and for the year ended December 31, 2012 and the period from June 30, 2011 (Inception) through December 31, 2011 comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such consolidated financial statements taken as a whole, and not on the individual account balances or totals referred to above.

Very truly yours,

BDO USA, LLP

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

ASSETS

Cash on Hand	\$	1,215,150
Segregated Cash		-
Accounts Receivable		257,164
Inter-company VCPHCS		-
Intercompany Appian		-
Intercompany DRD		-
Inventory		128,004
Prepaid Assets		958,711
Other Current Assets		294
Total Current Assets	\$	2,559,323
Non-Current Assets		
Investments DRD	\$	-
Investments in DRD Holdings		-
Investments-Appian		-
Investments-VCPHCS		-
Long Term Investments		12,500
Fixed Assets		4,857,934
Goodwill		94,849,082
Intangible Assets		10,859,606
Notes Receivable due LLC Subs and DRD Mgmts		-
Other Assets		1,220,746
Total Non-Current Assets	\$	111,799,868
Total Assets	\$	114,359,191

LIABILITIES

Current Liabilities		
Accounts Payable	\$	407,713
Short Term Notes Payable		-
Current Portion of Capitalized Lease Obligation		-
Current Maturities of Long-term Debt		396,339
Inter-company Payables-DRD		-
Deferred Revenue		-
Accrued Expenses		2,050,720
Accrued Taxes		(65,440)
Total Current Liabilities	\$	2,789,332
Long-Term Liabilities		
Long-term Debt	\$	53,989,360
Notes Payable due LLC Subs and DRD Mgmt		-
Deferred Lease Liability		16,836
Deferred Income Taxes, Net		596,732
Total Liabilities	\$	57,392,260
Stockholders' Equity		
Treasury Stock	\$	-
Opening Balance		-
Paid-in Capital		63,908,500
Prior Ownership Retained Earnings		-
Retained Earnings		(5,772,771)
Net Income YTD		(1,168,798)
Liabilities and Shareholder's Equity	\$	114,359,191

**C, Orderly Development--7(C)
TDH Inspection & Plan of Correction**

OCT 25 2012 107



**LICENSURE PLAN OF COMPLIANCE
REVIEW AND APPROVAL STATUS FORM**
STATE OF TENNESSEE
Department of Mental Health and Substance Abuse Services

NAME AND ADDRESS OF LICENSEE:
Mr. James Draudt, Director/President and COO
VCPHCS XXI
8300 Douglas Avenue, Suite 750
Dallas, TX 75225
RE: Raleigh Professional Associates

NOTICE TO LICENSEE: A review has been completed of your recently submitted plan of compliance. The approval status given your plan is indicated on this form below. A copy of your plan of compliance is being returned to you and is enclosed. Read the approval status given below carefully. This approval status form and your plan of compliance should become part of your records.

DATE OF THIS FORM:
October 22, 2012

DATE OF ORIGINAL NOTICE OF NON-COMPLIANCE:
October 9, 2012 (Annual Inspection 10/9/12)

I. REVIEW OF PLAN OF COMPLIANCE COMPLETED BY:

SIGNATURE OF TDMHSAS REVIEWER:

Sandra H. Randle

NAME OF TDMHSAS REVIEWER:

Sandra H. Randle

TITLE/POSITION:

West Tennessee Licensure Surveyor

TDMHSAS OFFICE ADDRESS:

West Tennessee Office of Licensure and Review
170 N. Main, 12th Floor
Memphis, TN 38103

II. APPROVAL STATUS OF PLAN OF COMPLIANCE:

NOTE: The initials of the TDMHSAS staff person reviewing your plan appear in the box next to the approval status given to your plan.

☒ **APPROVED.** Your plan of compliance is acceptable. You are expected to meet the terms of your plan. Re-inspection will be conducted to verify compliance.

☐ **APPROVED WITH EXCEPTIONS.** Exceptions have been made to your plans or dates for compliance. The exceptions are described below. **Important:** Indicate your agreement with the exceptions by signing below and returning the original copy of this form. Re-inspection will be conducted to verify compliance.

☐ **REJECTED-RESUBMIT.** Your plan of compliance was found to be unacceptable for the rules and reasons listed below. You must submit another plan of compliance, which better describes your compliance plans. Another Notice of Non-Compliance and Plan of Compliance form is attached.

☐ **REJECTED-SANCTION.** Your plan of compliance was unacceptable for the reasons described below. The attached letter describes the sanction to be taken against your license and the appeals process open to you.

III. APPROVAL STATUS JUSTIFICATION (If Applicable):

Reference Rule No. #0940-5-	Explanation of any exception to, or rejection of, the Plan of Compliance:
	Your Plan of Compliance has been approved.


IV. LICENSEE'S AGREEMENT WITH EXCEPTIONS (When Applicable)

If your plan of compliance is approved with exceptions, then indicate your agreement to comply with the exceptions noted above by checking one of the following statements and signing below. (After signing below return this form to the address listed above.)

☐ I Agree ☐ I Disagree. An explanation for my disagreement is attached.

SIGNATURE OF LICENSEE OR AUTHORIZED AGENT:

DATE OF SIGNATURE:

 <p>LICENSE NOTICE OF NON-COMPLIANCE AND PLAN OF COMPLIANCE FORM STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES</p>		<p>DATE OF NOTICE: October 9, 2012</p> <p>PAGE 1 OF 1 PAGE(S)</p>		<p>NOTICE OF NON-COMPLIANCE TO: (Licensee's Name & Address) VCPHCS VHI, LLC XX 8300 Douglas Avenue, Suite 750 Dallas, TX 75225 Attn: Mr. James Draudt, President and COO</p>	
<p>NAME AND ADDRESS OF TDMHSAS OFFICE SENDING NOTICE: West Tennessee Office of Licensure and Review 170 N. Main, 12th Floor Memphis, TN 38103 Attn: Ms. Sandra H. Randle, West Tennessee Licensure Surveyor</p>		<p>EVENT AND DATE RESULTING IN THIS NOTICE: Annual Inspection October 9, 2012</p>		<p>NAME AND LOCATION OF FACILITY IN NON-COMPLIANCE: Raleigh Professional Associates 2960-B Austin Peay Highway Memphis, TN 38128 A & D Non-Residential Opiate Treatment Facility</p>	
<p>NOTICE TO LICENSEE: Your facility has been found to be in non-compliance with the rule(s) listed on this form. You must provide a plan for complying with each rule cited in non-compliance. Type or print your plan(s) in the space provided on this form. Include the date by which you will be in compliance with each rule cited. Sign and date each page of the form. Return this form by the indicated date to the address of the TDMHSAS Office listed above.</p>					
<p align="right">YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: October 22, 2012</p>					

(Do Not Write in Space Below)

REFERENCE RULE NUMBER	SUMMARY OF THE FINDINGS OF NON-COMPLIANCE WITH THE RULES REFERENCED	P.O.C. Reviewer Code*	DESCRIBE BELOW YOUR PLAN FOR COMPLYING WITH EACH RULE IN NON-COMPLIANCE	YOUR PLANNED DATE OF COMPLETION
4-04(2)	The emergency light in the main lobby would not illuminate when tested.	A	State Systems, Inc. (SSI) will inspect, repair and/or install emergency lights. SSI inspected extinguishers, and re-tagged on 10/11/12. SSI installed emergency light in Front Lobby/Waiting Area. SSI noted that all emergency lighting passed inspection. (See attached work order). Also tested by Program Director.	10/11/12 (Complete)
4-04(2)	The bulbs on the emergency light in the lobby at the employee entrance were directed upward toward the ceiling rather than downward toward the path of egress.	A	This finding was corrected by Program Director during the inspection as witnessed by Sandra Randle. SSI verified angle of the bulbs on 10/11/12.	10/9/12, 10/11/12 (complete)

<p>SIGNATURE OF TDMHSAS REVIEWER OF P.O.C. <i>Sandra H. Randle</i></p>		<p>DATE OF REVIEW: 10-22-12</p>	
<p>*P.O.C. Review Codes: (See Review & Approval Status Form For Explanations.) A=Approved.</p>		<p>AE=Approved With Exception. RS=Rejected-Sanction.</p>	

<p>SIGNATURE OF LICENSEE OR AUTHORIZED AGENT: <i>[Signature]</i></p>		<p>DATE OF SIGNATURE: 10/18/12</p>	
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statesystems inc.
protecting life & property

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(901) 542-0612 1-800-727-5512 FAX (901) 542-0622
WWW.STATESYSTEMSINC.COM

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Oblon, TN / 731-536-5999
Jackson, TN / 731-423-1221
Jonesboro, AR / 870-932-2212
Oxford, MS / 662-238-7834
Tupelo, MS / 662-840-6601

WORK ORDER

No. **W- 56279**

LOCATION

Robert Protection Association
4600 Madison Road
Memphis Tenn 38120

Contact

B
I
T
L
O

Phone

DATE	CUST. R.O. NO.				SALES #				TECH #	CUST. NO.				NEW
10/11/12									116	79211				
QTY.	INSR.	RECH.	HYDR.	DESCRIPTION	UNIT COST	AMOUNT	QTY.	INSR.	RECH.	HYDR.	DESCRIPTION	UNIT COST	AMOUNT	
	1160	1130	1164	2 1/2 LB. ABC EXTINGUISHER				1160	1153	1164	15LB CO2			
	1160	1130	1164	2 1/2 LB. ABC EXTINGUISHER				1160	1153	1164	15LB CO2			
	1160	1130	1164	2 1/2 LB. ABC EXTINGUISHER				1160	1154	1164	20LB CO2			
5	1160	1132	1164	5LB. ABC EXTINGUISHER	1.12	5.60		1160	1154	1164	20LB CO2			
	1160	1132	1164	5LB. ABC EXTINGUISHER				1162			5X YEAR MAINTENANCE			
	1160	1132	1164	5LB. ABC EXTINGUISHER			11	1165			EMERGENCY / EXIT LIGHTING	1.12	12.32	
	1160	1134	1164	10 LB. ABC EXTINGUISHER				1161			FIRE HOSE INSPECTION			
	1160	1134	1164	10 LB. ABC EXTINGUISHER				1163			EXTINGUISHER SCAN™			
	1160	1134	1164	10 LB. ABC EXTINGUISHER										
	1160	1136	1164	20 LB. ABC EXTINGUISHER										
	1160	1136	1164	20 LB. ABC EXTINGUISHER										
	1160	1132	1164	5 1/2 LB. BC EXTINGUISHER			ITEM #	DESCRIPTION - STEAM CLEANING					AMOUNT	
	1160	1132	1164	5 1/2 LB. BC EXTINGUISHER			1180	VENTHOOD						
	1160	1132	1164	5 1/2 LB. BC EXTINGUISHER			1182	EQUIPMENT						
	1160	1134	1164	10 LB. BC EXTINGUISHER			1184	SIDEWALKS, CONCRETE CLEANING						
	1160	1134	1164	10 LB. BC EXTINGUISHER			1186	OTHER						
	1160	1136	1164	20 LB. BC EXTINGUISHER			QTY.	PART #	DESCRIPTION			UNIT COST	AMOUNT	
	1160	1134	1164	10 LB. PK EXTINGUISHER					Emergency light			100.00	100.00	
	1160	1134	1164	10 LB. PK EXTINGUISHER			1		install			40.00	40.00	
	1160	1141	1164	5 LB. CG EXTINGUISHER										
	1160	1141	1164	8 LB. CG EXTINGUISHER										
	1160	1141	1164	13 LB. CG EXTINGUISHER										
	1160	1142	1164	K-GUARD EXTINGUISHER					Inspected & replaced					
	1160	1142	1164	K-GUARD EXTINGUISHER					and emergency light					
	1160	1142	1164	K-GUARD EXTINGUISHER										
	1160	1145	1164	2 1/2 GAL. WATER EXTINGUISHER					all purchased					
	1160	1145	1164	2 1/2 GAL. WATER EXTINGUISHER										
	1160	1145	1164	2 1/2 GAL. WATER EXTINGUISHER										
	1170	1148	1164	AUTOMATIC SUPPRESSANT SYSTEM										
	1170	1148	1164	AUTOMATIC SUPPRESSANT SYSTEM										
	1160	1150	1164	5 LB CO2										
	1160	1150	1164	5 LB CO2										
	1160	1152	1164	10 LB CO2										
	1160	1152	1164	10 LB CO2										
	1160	1152	1164	10 LB CO2										

All invoices are due on a net 30 basis. We agree that State Systems, Inc. may assess us, and agree to pay, reasonable late charges as permitted by law, collection agency fees and other cost associated with their collection efforts including but not limited to the payment of reasonable attorney fees and court costs. The laws of the State of Tennessee shall govern our relationship.

☐ CASH ☐ CHECK # ☐ Visa/MC

NO.

EX. DATE

SUBTOTAL

TAX

TOTAL

RECEIVED BY:

Print Name

Work Order - Invoice to follow

Revised 08/08



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure
170 NORTH MAIN STREET
12th FLOOR
MEMPHIS, TENNESSEE 38103

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

COMPLIANCE EVENT STATUS REPORT

LICENSEE:

VCPHCS XXI, LLC
8300 Douglas Avenue Suite 750
Dallas, TX 75225

FACILITY:

Raleigh Professional Associates
2960-B Austin Peay Highway
Memphis, TN 38128

NOTICE TO LICENSEE: A review has been completed of your recently submitted plan of compliance. The approval status given your plan is indicated below. A copy of your plan is being returned to you and is enclosed. Read the approval status given below carefully. This approval status form and your plan of compliance should become part of your records.

✓ **COMPLIANCE EVENT & DATE:** SOTA Inspection 1/24/13

Site ID:3247 Event ID:354

Sandra Randle, West Tennessee Licensure Surveyor

✓ **POC Approved**

Your plan of compliance has been accepted. You are expected to meet the terms of your plan. Re-inspection may be conducted to verify compliance.

*With the exception of any deficiencies listed herein;
Detailed Program Requirements for DEEMED Chapter(s) considered compliant per accreditation by:
Joint Commission on Accreditation of Health Care Organizations (JCAHO)*



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure
170 NORTH MAIN STREET
12th FLOOR
MEMPHIS, TENNESSEE 38103

BILL HASLAM
GOVERNOR

B. DOUGLAS VARNER
COMMISSIONER

LICENSURE NOTICE OF NON-COMPLIANCE

TO: VCPHCS XXI, LLC
8300 Douglas Avenue
Dallas, TX 75225

DATE OF NOTICE:
April 08, 2013
Page 1 of 2

FACILITY IN NON-COMPLIANCE:
Raleigh Professional Associates
2960-B Austin Peay Highway
Memphis, TN 38128

Site ID: 3247

EVENT & DATE RESULTING
IN THIS NOTICE:
SOTA Inspection
January 24, 2013

NOTICE TO LICENSEE: The facility above has been found to be non-compliant with the rule(s) listed herein. You must provide a plan for complying with each rule cited. Your plan of compliance may be specified in the space provided below or by separate document. If a separate document, your plan should reference each rule by item or rule number, must include the date by which you will be compliant, and an authorizing signature. Your plan must be received by the TDMHSAS regional office listed above by the date indicated herein.

YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN APRIL 22, 2013

event ID: 354

Item Rule Number Rule Description & Findings

0940-5-42. Minimum Program Requirements for Non-Residential Opioid Treatment Program Facilities

1	<p>0940-5-42-.15 MEDICATION MANAGEMENT.</p> <p>0940-5-42-.15(1)(a)10.(i) The treatment team shall meet with the service recipient within 14 days of receiving the results of the screen, to develop a benzodiazepine action plan in the service recipient's record. The plan shall be reviewed and signed by the medical director;</p> <p>Patient #1938 had tested positive for Benzodiazepines on 12/14/12, 12/20/12, and 12/24/12. The clinic had requested that documentation be provided by the patient of the medical procedure that required her to be on a benzodiazepine. No documentation of the medical procedure or coordination of care was located in the chart. No documentation of the treatment team meeting with the patient or a benzodiazepine action plan could be located. After the illicit drug screen on 12/24/12, adequate frequency of urine drug screens was obtained and all results were licit. Subsequent counseling notes did not mention the matter further.</p> <p>Licensee's Planned Date of Completion: 04 / 26 / 13</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p>	4,270
2	<p>0940-5-42-.17 DRUG SCREENS.</p> <p>0940-5-42-.17(2) Drug screening procedures shall be individualized and shall include at least weekly random drug screens for newly admitted service recipients during the first 30 days of treatment and at least monthly thereafter.</p> <p>Only one urine drug screen result was located in patient record #1967 which was done on 1/7/13, the day of admission.</p> <p>Licensee's Planned Date of Completion: 01 / 25 / 13</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p>	4,318

NOTICE TO: VCPHCS XXI, LLC

Date: 04/08/2013 Page 2 of 2

Item Rule Number Rule Description & Findings

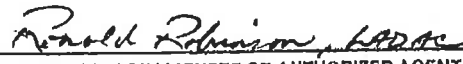
event ID:354

0040-6-42 Minimum Program Requirements for Non-Residential Opioid Treatment Program Facilities		
3	0040-6-42-17(16) As appropriate and necessary, the SOTA shall develop guidelines for frequency of toxicological screening for alternative treatment modalities such as buprenorphine.	
	<p>A dosing exception request was approved by Dr. Jason Carter for patient #B2101877 on 12/18/12 to approve the patient to dose a total daily dose of 130 milligrams with the directions to have the patient dose daily and for the physician to obtain a COWS assessment for the patient. No COWS assessment could be located in the chart.</p> <p>Licensee's Planned Date of Completion: 04 / 26 / 13</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p>	4,356

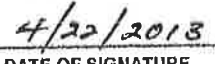
Please contact me if you have questions.



Sandy Randle
West Tennessee Surveyor



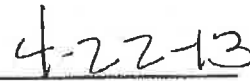
SIGNATURE OF LICENSEE OR AUTHORIZED AGENT



DATE OF SIGNATURE



SIGNATURE OF TDMHSAS REVIEWER OF POC



DATE OF REVIEW

VCPHCS XXI, LLC
dba Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128

2013 MAY 15 AM 11: 47

SOTA Inspection January 24, 2013

PLAN OF COMPLIANCE

1. 0940-5-42-.15 MEDICATION MANAGEMENT

0940-5-42-.15(1)(a)10.(i) The treatment team shall meet with the service recipient within 14 days of receiving the results of the screen, to develop a benzodiazepine action plan in the service recipient's record. The plan shall be reviewed and signed by the Medical Director.

Patient #1939 had tested positive for Benzodiazepines on 12/14/12, 12/20/12, and 12/24/12. The clinic had requested that documentation be provided by the patient of the medical procedure that required her to be on a benzodiazepine. No documentation of the treatment team meeting with the patient or a Benzodiazepine action plan could be located. After the illicit drug screen on 12/24/12, adequate frequency of urine drug screens was obtained and all results were illicit. Subsequent counseling notes did not mention the matter further.

Licensee's Planned Date of Completion: April 26, 2013

Licensee's Plan of Compliance:

The patient could not provide evidence of prescribed medication in the Benzodiazepine class. Patient's refusal of illicit drugs, progress with mental health issues and relapse prevention skills are documented in subsequent counseling sessions and meetings with medical director. The program director will provide and document a training with the staff regarding regulatory issues cited on 0940-5-42-.15(1)(a)10.(i). The training will be conducted on or before April 26, 2013. Staff members will sign a roster of attendance to include an acknowledgement of understanding of material presented. The training will include a review of the Benzodiazepine Education/Risk Associated with Methadone Treatment/Patient Acknowledgement of Understanding. The staff will understand the need for proper documentation of action plans, team meetings and/or consultations.

2. 0940-5-42-.17 DRUG SCREENS

0940-5-42-.17(2) Drug screening procedures shall be individualized and shall include at least weekly random drug screens for newly admitted service recipients during the first 30 days of treatment and at least monthly thereafter.

Only one urine drug screen result was located in patient record #1957 which was done on 1/7/13, they day of admission.

VCPHCS XXI, LLC
 dba Raleigh Professional Associates
 2960-B Austin Peay Hwy
 Memphis, TN 38128

SOTA Inspection January 24, 2013

PLAN OF COMPLIANCE

Licensee's Planned Date of Completion: January 25, 2013

Licensee's Plan of Compliance:

The facility's SAMMS software includes a Program Default which schedules for "monthly" drug screens. The toxicology schedule frequency must be changed from the "monthly" default option to "weekly" in cases of newly admitted service recipients. Patient #1957 has been tested weekly since 1/25/13. Medical staff is responsible for selection of the appropriate toxicology schedule. The program director will conduct a follow-up training with the medical staff regarding program requirements cited in 0940-5-42-.17(2). The staff will be trained on the proper usage of the SAMMS software regarding toxicology schedule frequency in order to adhere to state specific regulations. The training will be conducted on or before April 26, 2013. Staff members will sign a roster of attendance to include an acknowledgement of understanding the program requirements pertaining to toxicology schedule frequency.

3. 0940-5-42-.17(16) as appropriate and necessary, the SOTA shall develop guidelines for frequency of toxicology screening for alternative treatment modalities such as Buprenorphine.

A dosing exception request was approved by Dr. Jason Carter for patient #B2101877 on 12/18/12 to approve the patient to dose a total daily dose of 130 milligrams with the directions to have the patient dose daily and for the physician to obtain a COWS assessment for the patient. No COWS assessment could be located in the chart.

Licensee's Planned Date of Completion: April 26, 2013

Licensee's Plan of Compliance:

The Clinical Opiate Withdrawal Scale (COWS) is completed in cases of dose increase. The Program Director will provide and document a follow-up training with the medical staff regarding deficiency related to 0940-5-42-.17(16). The training will be conducted on or before April 26, 2013. The staff will understand the importance of meeting SOTA guidelines and conditions regarding dosing exceptions. Staff members will sign a roster of attendance to include an acknowledgement of understanding the importance of meeting SOTA guidelines. The nursing supervisor is responsible for execution and audit of SOTA guidelines for dosing exceptions. A process has been created to ensure the nursing supervisor (or in her absence, the Program Director) reviews all dosing request responses received from state in order to guarantee compliance with any directives regarding the dose increase. The training for this policy will be conducted on or before April 26, 2013.

Signed: Ronald Robinson, LADC Date: 4/22/2013



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure
170 NORTH MAIN STREET
12th FLOOR
MEMPHIS, TENNESSEE 38103

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

LICENSURE NOTICE OF NON-COMPLIANCE

TO: VCPHCS XXI, LLC
8300 Douglas Avenue
Dallas, TX 75225

DATE OF NOTICE:
April 08, 2013
Page 1 of 2

FACILITY IN NON-COMPLIANCE:
Raleigh Professional Associates
2960-B Austin Peay Highway
Memphis, TN 38128

Site ID: 3247

**EVENT & DATE RESULTING
IN THIS NOTICE:**
SOTA Inspection
January 24, 2013

NOTICE TO LICENSEE: The facility above has been found to be non-compliant with the rule(s) listed herein. You must provide a plan for complying with each rule cited. Your plan of compliance may be specified in the space provided below or by separate document. If a separate document, your plan should reference each rule by item or rule number, must include the date by which you will be compliant, and an authorizing signature. Your plan must be received by the TDMHSAS regional office listed above by the date indicated herein.

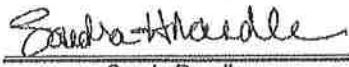
YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN APRIL 22, 2013

event ID: 354

Item	Rule Number	Rule Description & Findings	
0940-5-42 Minimum Program Requirements for Non-Residential Opioid Treatment Program Facilities			
	0940-5-42-.15	MEDICATION MANAGEMENT.	
	0940-5-42-.15(1)(a)10.(i)	The treatment team shall meet with the service recipient within 14 days of receiving the results of the screen, to develop a benzodiazepine action plan in the service recipient's record. The plan shall be reviewed and signed by the medical director;	
1		<p>Patient #1939 had tested positive for Benzodiazepines on 12/14/12, 12/20/12, and 12/24/12. The clinic had requested that documentation be provided by the patient of the medical procedure that required her to be on a benzodiazepine. No documentation of the medical procedure or coordination of care was located in the chart. No documentation of the treatment team meeting with the patient or a benzodiazepine action plan could be located. After the illicit drug screen on 12/24/12, adequate frequency of urine drug screens was obtained and all results were licit. Subsequent counseling notes did not mention the matter further.</p> <p>Licensee's Planned Date of Completion: 04 / 26 / 13</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p>	4,270
	0940-5-42-.17	DRUG SCREENS.	
	0940-5-42-.17(2)	Drug screening procedures shall be individualized and shall include at least weekly random drug screens for newly admitted service recipients during the first 30 days of treatment and at least monthly thereafter.	
2		<p>Only one urine drug screen result was located in patient record #1957 which was done on 1/7/13, the day of admission.</p> <p>Licensee's Planned Date of Completion: 01 / 25 / 13</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p>	4,318

Item	Rule Number	Rule Description & Findings	
0940-6-42 Minimum Program Requirements for Non-Residential Opioid Treatment Program Facilities			
	0940-6-42-17(16)	As appropriate and necessary, the SOTA shall develop guidelines for frequency of toxicological screening for alternative treatment modalities such as buprenorphine.	
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Please contact me if you have questions.


Sandy Randle

West Tennessee Surveyor


SIGNATURE OF LICENSEE OR AUTHORIZED AGENT

4/22/2013
DATE OF SIGNATURE

SIGNATURE OF TDMHSAS REVIEWER OF POC

DATE OF REVIEW

SOTA Inspection January 24, 2013

PLAN OF COMPLIANCE

1. 0940-5-42-.15 MEDICATION MANAGEMENT

0940-5-42-.15(1)(a)10.(i) The treatment team shall meet with the service recipient within 14 days of receiving the results of the screen, to develop a benzodiazepine action plan in the service recipient's record. The plan shall be reviewed and signed by the Medical Director.

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Licensee's Planned Date of Completion: April 26, 2013

Licensee's Plan of Compliance:

The patient could not provide evidence of prescribed medication in the Benzodiazepine class. Patient's refusal of illicit drugs, progress with mental health issues and relapse prevention skills are documented in subsequent counseling sessions and meetings with medical director. The program director will provide and document a training with the staff regarding regulatory issues cited on 0940-5-42-.15(1)(a)10.(i). The training will be conducted on or before April 26, 2013. Staff members will sign a roster of attendance to include an acknowledgement of understanding of material presented. The training will include a review of the Benzodiazepine Education/Risk Associated with Methadone Treatment/Patient Acknowledgement of Understanding. The staff will understand the need for proper documentation of action plans, team meetings and/or consultations.

2. 0940-5-42-.17 DRUG SCREENS

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Only one urine drug screen result was located in patient record #1957 which was done on 1/7/13, they day of admission.

VCPHCS XXI, LLC
dba Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128

118

SOTA Inspection January 24, 2013

2013 MAY 15 AM 11:47

PLAN OF COMPLIANCE

Licensee's Planned Date of Completion: January 25, 2013

Licensee's Plan of Compliance:

The facility's SAMMS software includes a Program Default which schedules for "monthly" drug screens. The toxicology schedule frequency must be changed from the "monthly" default option to "weekly" in cases of newly admitted service recipients. Patient #1957 has been tested weekly since 1/25/13. Medical staff is responsible for selection of the appropriate toxicology schedule. The program director will conduct a follow-up training with the medical staff regarding program requirements cited in 0940-5-42-.17(2). The staff will be trained on the proper usage of the SAMMS software regarding toxicology schedule frequency in order to adhere to state specific regulations. The training will be conducted on or before April 26, 2013. Staff members will sign a roster of attendance to include an acknowledgement of understanding the program requirements pertaining to toxicology schedule frequency.

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Licensee's Planned Date of Completion: April 26, 2013

Licensee's Plan of Compliance:

The Clinical Opiate Withdrawal Scale (COWS) is completed in cases of dose increase. The Program Director will provide and document a follow-up training with the medical staff regarding deficiency related to 0940-5-42-.17(16). The training will be conducted on or before April 26, 2013. The staff will understand the importance of meeting SOTA guidelines and conditions regarding dosing exceptions. Staff members will sign a roster of attendance to include an acknowledgement of understanding the importance of meeting SOTA guidelines. The nursing supervisor is responsible for execution and audit of SOTA guidelines for dosing exceptions. A process has been created to ensure the nursing supervisor (or in her absence, the Program Director) reviews all dosing request responses received from state in order to guarantee compliance with any directives regarding the dose increase. The training for this policy will be conducted on or before April 26, 2013.

Signed: Ronald Robinson, LADC Date: 4/22/2013



VCPHCS XXI, LLC
2960-B Austin Peay Hwy
Memphis, TN 38128

Organization Identification Number: 522015

Program(s)
Behavioral Health Care Accreditation

Survey Date(s)
07/20/2012-07/21/2012

Executive Summary

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

The Joint Commission
Summary of Findings

DIRECT Impact Standards:

Program:	Behavioral Health Care Accreditation Program	
Standards:	MM.05.01.07	EP3

INDIRECT Impact Standards:

Program:	Behavioral Health Care Accreditation Program	
Standards:	HR.01.07.01	EP1
	IM.01.01.01	EP2
	IM.04.01.01	EP1
	RC.01.01.01	EP7

The Joint Commission Findings

Chapter: Human Resources
Program: Behavioral Health Care Accreditation
Standard: HR.01.07.01
Standard Text: The organization evaluates staff performance.
Primary Priority Focus Area: Staffing
Element(s) of Performance:

1. The organization evaluates staff based on performance expectations that reflect their job responsibilities.



Scoring Category : C
Score : Partial Compliance

Observation(s):

EP 1

Observed in Competency Session at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site.
The nurse supervisor's performance evaluation was not conducted when it was due within the past four months.

Observed in Competency Session at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site.
One counselor's annual performance evaluation was not conducted when due within the past four months.

Chapter: Information Management
Program: Behavioral Health Care Accreditation
Standard: IM.01:01.01
Standard Text: The organization plans for managing information.
Primary Priority Focus Area: Information Management
Element(s) of Performance:

2. The organization identifies how data and information enter, flow within, and leave the organization.
Note: The flow of data and information within the organization includes how it moves into and out of storage.



Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 2

Observed in Leadership Session at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site.
Specific reference is made to the ability of the organization to locate and access information. Specific reference is made to fire drills and emergency drills that were either misfiled or unable to be accessed during the survey. Specific reference is made to the process of locating medical records that were removed from the medical room. Specific reference is made to accuracy of data that was entered in the monthly quality improvement minutes.

Chapter: Information Management
Program: Behavioral Health Care Accreditation

The Joint Commission Findings

Standard: IM.04.01.01

Standard Text: The organization maintains accurate health information.

Primary Priority Focus Area: Information Management

Element(s) of Performance:

1. The organization has processes to check the accuracy of health information.

Note: The organization has the flexibility to determine what health information needs to be checked for accuracy and the frequency with which it will be checked.



Scoring Category :A

Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site.

Specific reference is made to the process of identifying patients who "no-show" for treatment. Not all of the of patients whose name appeared on the daily "no-show" report were actually a "no-show." No other status was identified in the daily reports.

Chapter: Medication Management

Program: Behavioral Health Care Accreditation

Standard: MM.05.01.07

Standard Text: The organization safely prepares medications for administration.

Note: This standard is applicable only to organizations that prepare medications for administration.

Primary Priority Focus Area: Medication Management

Element(s) of Performance:

3. For organizations that prepare medications for administration: During preparation, staff visually inspect the medication for particulates, discoloration, or other loss of integrity. (See also MM.03.01.05, EP 2; MM.06.01.01, EP 4)



Scoring Category :A

Score : Insufficient Compliance

Observation(s):

EP 3

Observed in Medication Management Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site.

During the observation of the medication preparation process in the medication dosing room broken diskettes were in newly opened bottles of methadone. The practice of reassembling broken diskettes to visually determine if the reassembled pieces constituted a full, exact dose was noted during the observation. The organizations policy for waste does not address a process for the determination of how damaged a diskette has to be to determine waste.

Chapter: Record of Care, Treatment, and Services

Program: Behavioral Health Care Accreditation

Standard: RC.01.01.01

Standard Text: The organization maintains complete and accurate clinical/case records.

The Joint Commission Findings

Primary Priority Focus Area: Assessment and Care/Services

Element(s) of Performance:

7. The clinical/case record contains information that documents the course and result of the care, treatment, or services provided to the individual served.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 7

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site. The Infectious Disease Screens in three clinical records reviewed of patients who were admitted 7/10/2012, 7/18/2012 and 7/19/2012 all contained incorrect mathematical scores of the outcome of the screens. Interviews with staff indicated that this screen was implemented about two weeks ago in this organization. Leadership staff reported that SAMMS Special Project Manager at Corporate was notified of the problem was corrected during the survey.

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site. Five criteria were scored "yes" on the Cardiac Risk Factor screen in one clinical record. The instructions printed on the form stated that one response of one "yes" should be referred for further review. The screen was not completed to include a summary of the significance of the identification of five risk factors.

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site. The documentation in the clinical record noted that the patient lost 25 pounds in one month. The clinical record did not document the reason for the 25 pound weight loss. Interviews with the clinician indicated that the addiction contributed to the weight loss but this was not documented in the record.

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site. The pain assessment that is included in the health questionnaire culminated in a question about whether further action were needed to address any pain related problems and identify if a referral was needed. These questions were left blank in three clinical records reviewed during tracer activity.

Observed in Individual Tracer at VCPHCS XXI, LLC (2960-B Austin Peay Hwy, Memphis, TN) site. The clinical records of two patients who were admitted 7/18/2012 and 7/19/2012 did not have initial treatment plans in their clinical records. The policy in this organization required the development of an initial plan on the day of admission.

Miscellaneous Information

2013 MAY 15 AM 11: 48

METHADONE MAINTENANCE TREATMENT

Methadone maintenance treatment (MMT) can help injection drug users (IDUs) reduce or stop injecting and return to productive lives. However, its use is still sometimes publicly controversial and many factors limit the effectiveness of MMT services. New federal regulations, which have overhauled the MMT system, promise a more flexible approach and improved delivery of these needed, life-saving services.

Opiate Addiction is a Major Individual and Public Health Problem

It is estimated that at least 980,000 people in the United States are currently addicted to heroin and other opiates (such as oxycontin, dilaudid, and hydrocone). They risk premature death and often suffer from HIV, hepatitis B or C, sexually transmitted disease (STDs), liver disease from alcohol abuse, and other physical and mental health problems. It is estimated that 5,000-10,000 IDUs die of drug overdoses every year. Many are involved with the criminal justice system.

A 1997 National Institutes of Health (NIH) report estimated the financial costs of untreated opiate addiction at \$20 billion per year. These costs, combined with the social costs of destroyed families, destabilized communities, increased crime, increased disease transmission, and increased health care costs, mean that opiate addiction is a major problem for affected individuals and society.

Methadone Maintenance Treatment is the Most Effective Treatment for Opiate Addiction

Methadone is a synthetic agent that works by "occupying" the brain recep-

tor sites affected by heroin and other opiates. Methadone:

- blocks the euphoric and sedating effects of opiates;
- relieves the craving for opiates that is a major factor in relapse;
- relieves symptoms associated with withdrawal from opiates;
- does not cause euphoria or intoxication itself (with stable dosing), thus allowing a person to work and participate normally in society;
- is excreted slowly so it can be taken only once a day.

Methadone maintenance treatment, a program in which addicted individuals receive daily doses of methadone, was initially developed during the 1960s as part of a broad, multicomponent treatment program that also emphasized resocialization and vocational training.

These benefits include:

- reduced or stopped use of injection drugs;
- reduced risk of overdose and of acquiring or transmitting diseases

such as HIV, hepatitis B or C, bacterial infections, endocarditis, soft tissue infections, thrombophlebitis, tuberculosis, and STDs;

- reduced mortality – the median death rate of opiate-dependent individuals in MMT is 30 percent of the rate of those not in MMT;
- possible reduction in sexual risk behaviors, although evidence on this point is conflicting;
- reduced criminal activity;
- improved family stability and employment potential; and
- improved pregnancy outcomes.

Using commonly accepted criteria for medical interventions, several studies have also shown that MMT is extremely cost-effective.

Key Issues in Effective Methadone Maintenance Treatment

Most patients require a dose of 60-120 mg/day to achieve optimum therapeutic effects of methadone. Compared to those on lower doses, patients on higher doses are shown to stay in treatment

longer, use less heroin and other drugs, and have lower incidence of HIV infection. Some patients need even higher doses for fully effective treatment.

Studies of methadone effectiveness have shown a dose-response relationship, with higher doses more effective in reducing heroin use, helping patients stay in treatment, and reducing criminal activity. Despite compelling evidence that doses need to be determined on an individual basis, that higher doses are more effective, and that doses of 60-120 mg/day are required for most patients, some clinics administer fixed doses to all patients and provide less than optimal doses.

Length of treatment

Studies have shown that good outcomes from substance abuse treatment are unequivocally contingent on adequate length of treatment. A research-based guide on the principles of substance abuse treatment, released in 1999 by the National Institute on Drug Abuse (NIDA), notes that "For methadone maintenance, 12 months of treatment is the minimum, and some opiate-addicted individuals will continue to benefit from methadone maintenance treatment over a period of years." Despite this fact, the majority of MMT patients leave before 1 year, either because they drop out, the clinic encourages them to leave, or they are discharged for not complying with program regulations. Most of those who discontinue MMT later relapse to heroin use. This illustrates the difficulty of the addiction recovery process and the fact that individuals may need multiple episodes of treatment over time.

The need to tailor treatment to subgroups of IDUs and to make that pattern

IDUs come to MMT with a broad range of issues and problems in addition to their drug addiction. For example, about 40 percent of patients entering methadone treatment use cocaine or crack as well as heroin; perhaps a

quarter also abuse alcohol. Studies have shown that 67-84% of MMT patients have been infected with hepatitis C. About 10 million people in the U.S. have co-occurring substance abuse and mental disorders; more than 40 percent of those with addictive disorders also have mental disorders. IDUs frequently have unstable living situations and may need multiple social services. Treatment programs tailored to the specific needs of patients can respond more effectively to these varied types of patients.

Continued use of heroin, cocaine, alcohol, and other drugs

It is relatively common for MMT patients to continue using heroin, other drugs such as cocaine or marijuana, and alcohol after admission to treatment. This reflects the long history of use, the complexity of patients' situations and reasons for using drugs, and the biological basis of addiction. Many patients in treatment do not have complete control over their addictions at all times. Realistic expectations of treatment reflect the understanding that recovery is a day-to-day process with occasional relapses.

The Regulation and Administration of MMT has Undergone a Radical Change

The context for change

Despite 30 years of experience and widespread acceptance by addiction specialists and health agencies, MMT has sometimes been publicly controversial in the U.S. and other countries. Critics have cited the belief that methadone treatment merely substitutes one addiction for another and that achieving a drug-free state is the only valid treatment goal. Misunderstandings about the nature of drug addiction (not seeing it as a biomedical condition) are part of the reason why MMT has sometimes been met with limited acceptance by communities, health care providers, and the public. Critics opposed to expanding

MMT programs also express concerns that they may be a magnet for crime and drug dealing and that patients will divert methadone (sell it to supplement their income or buy or sell it to help friends in withdrawal). As a result, the use of methadone to treat addiction has been heavily regulated and strictly controlled in this country. For example, until now, MMT has been delivered only through specially licensed clinics, called Opioid Treatment Programs.

These regulations and controls have meant that MMT programs have had limited flexibility and ability to respond to the needs of patients, including in such key areas as dose and length of treatment. The regulations also have limited the number of physicians who are available to treat heroin addiction and the settings and locations in which treatment can occur.

The change

In May 2001, the U.S. Department of Health and Human Services (DHHS) announced a new system for regulating and monitoring MMT. Under this new system, oversight responsibility for MMT in the United States shifted from the Food and Drug Administration (FDA) to the Substance Abuse and Mental Health Services Administration's Center for Substance Abuse Treatment (CSAT).

This new system represents a fundamental change in the approach to substance abuse treatment and in the federal government's role in ensuring effective and accountable MMT programs. It relies on accreditation of MMT programs by independent organizations and states, in accordance with treatment standards that have been developed by CSAT over the last 10 years.

These standards reflect current knowledge about the nature of opiate addiction as a chronic brain disease and the principles underlying effective long-term, comprehensive treatment. The standards are based on "best practice guidelines" and

emphasize improving quality of care in areas such as individualized treatment planning, increased medical supervision, and assessment of patients. The new system continues to accommodate community concerns, however, by retaining regulations that are designed to reduce diversion of methadone.

The designers of this new approach believe that shifting to an accreditation approach will significantly improve care for IDUs by:

- improving access to and quality of MMT programs;
- allowing for increased professional discretion and medical judgment in designing treatment plans based on individual needs, especially in managing methadone doses and length of treatment, and whether withdrawal from medication is possible or desirable;
- helping to move MMT closer to the mainstream of health care practice (this increase in the range of settings may increase MMT in physicians' offices and increase interest by hospitals and HMOs in providing these services);
- improving oversight and accountability and helping to promote state-of-the-art treatment services; and
- enhancing patient rights and patient responsibilities.

To Learn More About This Topic

Read the overview fact sheet in this series on drug users and substance abuse treatment — "Substance Abuse Treatment for Injection Drug Users: A Strategy with Many Benefits." It provides basic information, links to the other fact sheets in this series, and links to other useful information (both print and web).

Visit websites of the Centers for Disease Control and Prevention (www.cdc.gov/idu) and the Academy for Educational Development (www.health-strategies.org/pubs/publications.htm) for these and related materials:

- *Preventing Blood-borne Infections Among Injection Drug Users: A Comprehensive Approach*, which provides extensive background information on HIV and viral hepatitis infection in IDUs and the legal, social, and policy environment, and describes strategies and principles of a comprehensive approach to addressing these issues.
- *Interventions to Increase IDUs' Access to Sterile Syringes*, a series of six fact sheets.
- *Drug Use, HIV, and the Criminal Justice System*, a series of eight fact sheets.

Visit these websites:

- The Substance Abuse and Mental Health Services Administration, to learn more about the new federal regulations governing methadone treatment programs: www.samhsa.gov/news/news.html (click on Archives of News Releases and scroll down to the two May 18, 2001 releases)
- The Addiction Treatment Forum, which publishes newsletters and other information on substance abuse and addiction research, therapies, news: www.atforum.com/
- The American Methadone Treatment Association: www.americanmethadone.org/

See the October/November 2000 and January 2001 issues of the *Mt. Sinai Journal of Medicine*. The 14 papers in these two theme issues focus on a wide range of issues related to methadone maintenance treatment and its impact on IDUs, including those infected with HIV or hepatitis C. *Mt. Sinai Journal of Medicine* 2000;67(5&6) www.mssm.edu/msjournal/67/6756.shtml and 2001;68(1) www.mssm.edu/msjournal/68/681.shtml

Check out these sources of information:

Ball JC, Ross A. The effectiveness of methadone maintenance treatment. New York: Springer-Verlag; 1991.

Bellin E, Wesson J, Tomasino V, et al. High dose methadone reduced criminal recidivism in opiate addicts. *Addiction Research* 1999;7(1):19-29.

Center for Substance Abuse Treatment. State methadone treatment guidelines. Rockville (MD): CSAT, SAMHSA. Treatment Improvement Protocol (TIP) Series; TIP#1. DHHS Publication No. (SMA)93-1991; 1993. www.samhsa.gov/centers/csatsat.html (click on the Treatment Improvement Exchange icon and find CSAT TIPs under Documents)

D'Aunno T, Folz-Murphy N, Lin X. Changes in methadone treatment practices: results from a panel study, 1988-1995. *American Journal of Drug and Alcohol Abuse* 1999;25(4):681-699.

D'Aunno T, Vaughn TE. Variations in methadone treatment practices. Results from a national study. *JAMA* 1992;267(2):253-258.

Fiellin DA, O'Connor PG, Chawarski M, et al. Methadone maintenance in primary care: a randomized controlled trial. *JAMA* 2001;286(14):1764-1765.

Hser Y-I, Hoffman V, Grella CE, Anglin MD. A 33-year follow-up of narcotics addicts. *Archives of General Psychiatry* 2001;58:503-508.

National Institutes of Health. Effective medical treatment of opiate addiction. NIH Consensus Statement Online. Bethesda (MD): NIH; 1997, Nov 17-19;15(6):1-38. http://odp.od.nih.gov/consensus/cons/108/108_mtrn.htm

National Institute on Drug Abuse (NIDA). Buprenorphine update: questions and answers. Bethesda (MD): NIDA; 2001. <http://165.112.78.61/Bupupdate.html>

National Institute on Drug Abuse (NIDA). Principles of drug addiction treatment: a research-based guide. Rockville (MD): NIDA; 1999. NIH Publication No. 99-4180. <http://165.112.78.61/PODAT/PODATIndex.html>

This has
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OD's from
physician
offices

Novick DM. The impact of hepatitis C virus infection on methadone maintenance treatment. *Mount Sinai Journal of Medicine* 2000; 67(5&6): 437-443.

Novick DM, Joseph H. Medical maintenance: the treatment of chronic opiate dependence in general medical practice. *Journal of Substance Abuse Treatment* 1991;8(4):233-239.

Robles E, Miller FB, Gilmore-Thomas KK, McMillan DE. Implementation of a clinic policy of client-regulated methadone dosing. *Journal of Substance Abuse Treatment* 2001;20(3):225-230.

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Sorensen JL, Copeland AL. Drug abuse treatment as an HIV prevention strategy: a review. *Drug and Alcohol Dependence* 2000;59(1):17-31.

Strain EC, Bigelow GE, Liebson IA, Stitzer ML. Moderate- vs. high-dose methadone in the treatment of opioid dependence: a randomized trial. *JAMA* 1999;281(11):1000-1005.

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Ward J, Hall W, Mattick RP. Role of maintenance treatment in opioid dependence. *Lancet* 1999;353(9148):221-226.

Weinrich M, Stuart M. Provision of methadone treatment in primary care medical practices: review of the Scottish experience and implications for U.S. policy. *JAMA* 2000;283(10):1343-1348.



Department of Health and Human Services

<http://www.cdc.gov/idu>

Through the Academy for Educational Development (AED), IDU-related technical assistance is available to health departments funded by CDC to conduct HIV prevention and to HIV prevention community planning groups (CPGs). For more information, contact your CDC HIV prevention project officer at 404-639-5230 or AED at (202) 884-8952.

AFFIDAVIT

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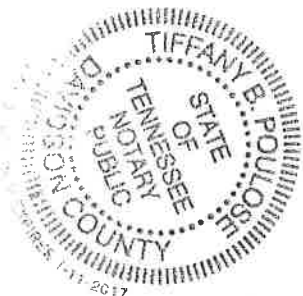
STATE OF TENNESSEECOUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he/she is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

John Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 15 day of MAY, 2013 a Notary
(Month) (Year)

Public in and for the County/State of DAVIDSON CO, TENNESSEE



Tiffany B. Poulton
NOTARY PUBLIC

My commission expires 1-11, 2017
(Month/Day) (Year)

Copy

Supplemental #1

Raleigh Professional Associates

CN1305-019

2013 MAY 28 PM 3 51

May 28, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: Raleigh Professional Associates--Relocation Application
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to those items in your first request for supplemental information on the subject application, which were not answered in my May 24 submittal. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

1. Applicant Profile, Item 1 and Item 3

Please list the phone number of the owner of the facility, agency or institution. Also, the zip code appears to be incorrect.

Attached following this page is revised page 1R. It provides the owner's phone number, and removes the excess digit from the zip code.

2. Applicant Profile, Item 6

a. The lease provided in the application appears to be missing lines on the bottom of various pages. Please resubmit the lease agreement with all the lines of the agreement legible. There appears to be an amendment to the lease agreement. The document appears to be missing page one of the agreement. In addition, #21 of the lease amendment acknowledges a greater than average degree of care by the applicant for the actions of its patients visitor, and patients. Please discuss item #21 of the lease agreement and how the applicant plans to adhere to item #21.

A better copy of the full lease is attached at the end of this letter. All pages are included and all text is showing in the copied pages.

To comply with the special requirements of item #21, the applicant will take the following steps, which are already being enforced at the current site:

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May 28, 2013

1. *Congregation in the parking areas and other common areas*--This will be prevented by the security guard, who goes on duty 15 minutes before the arrival of staff and before the arrival of patients, each morning. Patients are allowed to come into the facility at 5 am to avoid loitering outside.

2. *Avoidance of nuisances*--This is achieved through the measures described in the other five points. Specific nuisances brought to the clinic's attention by the landlord must be immediately corrected under the terms of the lease.

3. *Use, exchange, or sale of alcohol or controlled substances on premises*--This is prevented by the security guard. Such activities are forbidden in this clinic program and noncompliant patients will be discharged from the program. The only use of a controlled substance on the premises will be nurses' daily administration of oral medications as prescribed.

4. *After-hours visitation to the project*--The clinic will be inside an office building, and will be securely locked after hours. So it cannot be visited after hours. Security for the corporate business park is responsible for ensuring that no unauthorized persons use corporate parking areas after business hours.

5. *Trash in common areas*: Security for the clinic will be able to prevent this during clinic hours; security for the office park will also have responsibility for this both during and after business hours. Please note that this is a problem common to all tenants and business parks. Housekeeping services are provided daily from 11:30 am to 1:30 pm after the last scheduled patients leave at 11. These staff will ensure that external and internal areas are free of patient litter.

6. *Increasing the costs of landlord's insurance coverage*--The clinic imposes strict behavior codes on all patients as conditions of continuing in the program; and refraining from any actions that harm persons or premises (and therefore increase insurance rates) is an absolute requirement of being in the program.

b. The applicant did not initial the amendment to the lease after item 21 as requested by the landlord. Please clarify.

It is initialed on the lease copy attached to this letter.

c. When was this facility purchased by the applicant?

November 19, 2011 was the acquisition date.

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3. Section B., Project Description, Item I

a. Please explain the State-Designated Methadone Planning Areas and how this proposed project fits into that plan.

In response to a request by the Tennessee General Assembly, in late 2001 the Tennessee Department of Health conducted a study of opioid dependency issues and methadone treatment needs in Tennessee—in consultation with other State agencies and experts, and utilizing all available clinical sources, e.g., the 1997 National Institutes of Health Consensus Statement on Methadone Treatment. The study's findings and recommendations were set forth in a Commissioner's Report to the General Assembly. Pages 3-9 of the Commissioner's Report contain most of the concerns, findings, and estimates referred to in this CON application. Paraphrased highlights are as follows:

- *Untreated opioid dependency costs U.S. society \$20 billion annually, of which more than \$1.2 billion are health care costs (p. 3).*
- *Most opioid-dependent persons cannot remain drug-free (p. 3). Opioid use leads to criminal behavior; 95% of opioid users in one study reported committing crimes while using opioids (p. 3).*
- *The NIH (National Institutes of Health) literature states that methadone maintenance treatment, or "MMT", is effective in reducing opioid drug use, in reducing crime, in increasing productivity, and in reducing diseases such as AIDS and hepatitis, while providing an opportunity for employment and improved quality of life for patients (p. 3).*
- *From a public policy standpoint, placing persons in a nonresidential methadone treatment program is preferable (to) allowing them to remain dependent on opioids (p. 6).*
- *Available public health data don't accurately quantify the opioid problems in Tennessee (p. 4). However, Federal planning factors indicate that Tennessee probably had 12,300 opioid-dependent residents in 2000/2001, only a fraction of whom were participating in methadone programs (p. 6).*
- *Tennessee had too few methadone programs (p. 4). The closer one lives to a treatment program, the greater likelihood of participation (p. 4). All Tennesseans who are eligible for and choose to participate in a nonresidential methadone treatment program should have reasonable geographic access to a program (p. 6)—to develop a life that could include full employment... (p. 6).*

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- *Assuring reasonable access to a treatment program led to the Department's designating and recommending 23 Methadone Service Areas (p. 8), with sufficient population (minimum 100,000+) to make a clinic viable (p. 6), and offering geographic access to its residents within an hour's drive (p. 8).*

The General Assembly took no action on this report when it was submitted. Recent 2012 legislation regulating these clinics did not reference the report or its planning areas. The MPA Plan is unrelated to this CON application except as referenced in the application; the project merely allows this OTP to continue to serve the Memphis MPA that it has always served.

b. The application under the heading "ownership structure" refers readers to Attachment A.4 for information regarding the facilities owned by the applicant's parent organization. The information could not be found. Please provide ownership interest in any other health care institutions.

The only licensed Tennessee facilities owned by BHG are its several OTP clinics across Tennessee. A list of those was included in Attachment C, Need--3 (location maps). An additional list is attached following this page, for insertion into Attachment A-4.

c. What is the age of the present facility and the new proposed facility?

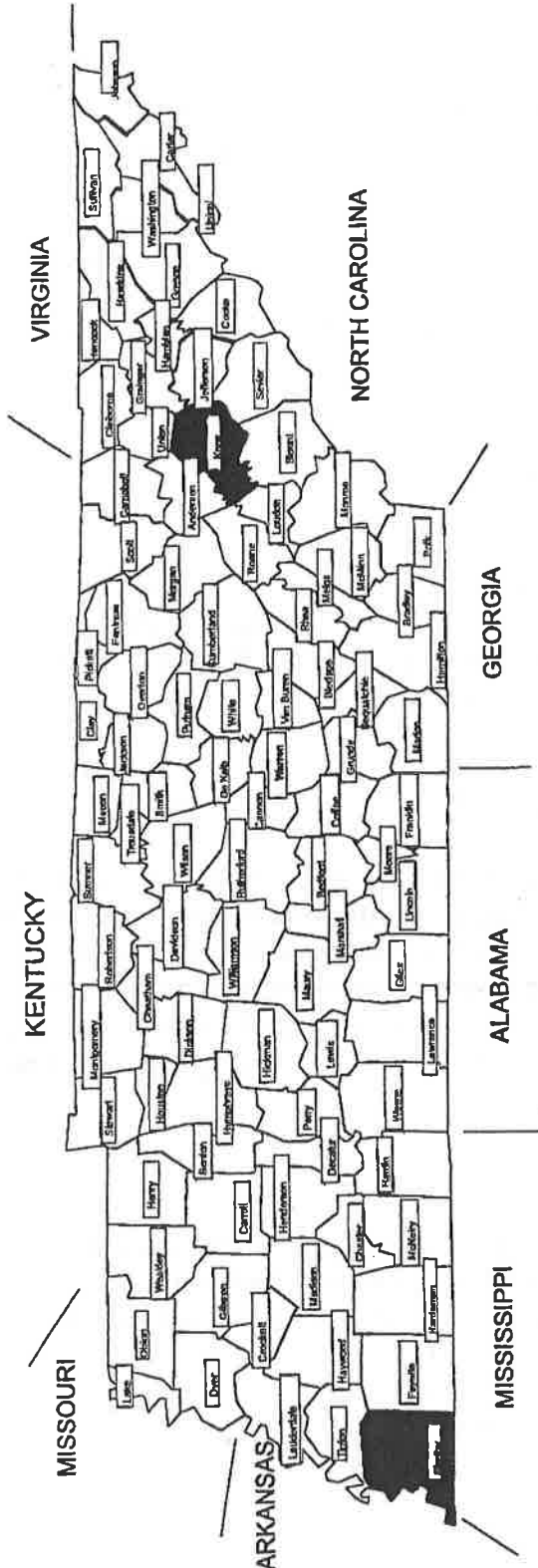
The applicant's real estate agency in Memphis says that the current building is at least 25 years old but has no more specific information. A web search identified no further information. The proposed site is in a well-maintained building constructed in 1988, approximately 25 years ago.

d. Approximately how many more parking spaces are available at the new proposed site?

Current Site:	approximately 40 spaces available
Proposed Site:	approximately 50 spaces available
Difference:	10 more spaces

March 2011

Tennessee Opioid Treatment Clinics



* BHG

○ ONE LOCATION ● TWO LOCATIONS ● THREE LOCATIONS

*
Shelby (Memphis)
ADC Recovery & Counseling Center
3041 Getwell, Suite 101
Memphis, TN 38118
(901) 375-1050
Hours of Operation M-F 5a-1:30p; Sat 6a-9a
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

*
Memphis Center for Research & Addiction
1270 Madison Ave
Memphis, TN 38104
(901) 722-9420
Hours of Operation M-F 5:45a-2p; Sat 6a-9a
Dosing Hours M-F 5:45a-1p; Sat 6a-9a

*
Raleigh Professional Associates
2960-B Austin Peay Hwy
Memphis, TN 38128
(901) 372-7878
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-9a; Sat 6a-10a

Dyer (Dyersburg)
Midsouth Treatment Center
640 Hwy 51 Bypass 3, Suite M
Dyersburg, TN 38024
(731) 285-6535
Hours of Operation M-Sat 5a-11a
Dosing Hours M-F 5a-11a; Sat 6a-10a

*
Madison (Jackson)
Jackson Professional Associates
1869 Hwy 45 Bypass, Suite 5
Jackson, TN 38305
(731) 660-0880
Hours of Operation M-F 5a-1p; Sat 6a-2p
Dosing Hours M-F 5a-1p; Sat 6a-2p

*
Paris (Paris)
Paris Professional Associates
2555 East Wood Street
Paris, TN 38242
(731) 641-4545
Hours of Operation M-Sat 5a-1p
Dosing Hours M-Sat 5a-1p

Hardin (Savannah)
Solutions of Savannah
85 Harrison Street
Savannah, TN 38372
(731) 925-2767
Hours of Operation M-Sat 5:30a-12p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

*
Maury (Columbia)
Recovery of Columbia
1202 South James Campbell Blvd.
Columbia, TN 38401
(931) 381-0020
Hours of Operation M-Sat 5:30a-11a
Dosing Hours M-F 5:30-11a; Sat 6a-9a

*
Davidson (Nashville)
Middle Tennessee Treatment Center
2410 Charlotte Avenue
Nashville, TN 37203
(615) 321-2575
Hours of Operation M-Sat 6a-1p
Dosing Hours M-F 6a-1p; Sat 6a-9a

Hamilton (Chattanooga)
Volunteer Treatment Center, Inc.
2347 Rossview Blvd
Chattanooga, TN 37408
(423) 265-3122
Hours of Operation M-Sat 5:30a-2p
Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a

*
Knox (Knoxville)
DRD Knoxville Medical Clinic-Central
412 Critico Street
Knoxville, TN 37921
(865) 522-0661
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours 5:30a-11p; Sat 6a-9a

*
DRD Knoxville Medical Clinic-Bernard
626 Bernard Avenue
Knoxville, TN 37921
(865) 522-0161
Hours of Operation M-Sat 5:30a-2:30p
Dosing Hours M-F 5:30a-11a; Sat 6a-9a

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e. What is the maximum number of patients that can be seen at the present site and what is the maximum number of patients that can be seen at the proposed site?

The current location can accommodate approximately 300 patients. The proposed location is being opened with space for 260 patients. If all available "future counselor" space is furnished the program could accommodate approximately 350 patients. However, this is not anticipated; enrollments are projected to remain approximately the same for the foreseeable future.

4. Section B., Project Description, Item II.A

a. Please clarify what "EMP Zoning" is.

EMP stands for "Employment". An EMP zoning classification accommodates a wide variety of commercial uses, some of which are listed in the Memphis Unified Development Code, and others of which are listed in the chart following this page. A medical clinic such as ADC is permitted under EMP zoning.

b. Is there support from any local businesses?

The applicant does not know whether nearby businesses are aware of the proposed clinic, or if they support its relocation to this office park. Publication of notice is all that any applicant is required to provide in that regard. However, the applicant believes the landlord who has entered into this lease can be presumed to know if the proposed use is acceptable to other tenants. And of course, upon inquiry from any such businesses, or after CON approval of the move, the applicant will meet with nearby tenants to resolve any concerns they might have.

c. The applicant states a significant number of guests patients who are traveling through Memphis are also served by Raleigh Professional Associates.

Approximately what is the number of "guest patients" are provided care on a monthly basis?

There are usually four such patients most months.

May 28, 2013
3:45 pm

Article 2 Districts and Uses

2.5 Permitted Use Table
2.5.2 Use Table Key

		Key: Blank Cell = Not Permitted ■ = Permitted □ = Special Use Approval C = Conditional Use Permit + = Conditional Use Permit - Significant Neighborhood Structure																											
USE CATEGORY	PRINCIPAL USE	P	OS	FW	CA	CIV	R-MP	R-E	R-15	R-10	R-8	R-6	RU-1	RU-2	RU-3	RU-4	RU-5	R-W	OG	CMU-1	CMU-2	CMU-3	CBD	CMP-1	CMP-2	EMP	WD	IH	Use Standard
Education Facility (see 2.9.3C)	School, Trade, Vocational, Business																												
	Dormitory, housing for students or faculty accessory to educational facilities not classified as colleges, community colleges or universities																												
Medical Facility (see 2.9.3D)	Blood Plasma Donation Center																												
	Medical or Dental Laboratory																												
Medical Facility (see 2.9.3D)	Pharmacy																												
	Hospital																												
Medical Facility (see 2.9.3D)	Medical, Dental or Chiropractic Clinic/Office, massage therapy, or outpatient surgery center																												
	All parks and open areas, except as listed below:																												
Park/Open Area (see 2.9.3E)	Cemetery, Mausoleum, Columbarium, Memorial Park																												
	Game Preserve, Wildlife Management Area, Refuge, Animal Sanctuary																												
Park/Open Area (see 2.9.3E)	Recreation Field, without lights																												
	Recreation Field, with lights																												
Passenger Terminal (see 2.9.3F)	Reservoir, Control Structure, Water Supply, Water Well																												
	Airport, Helipad, Airline Terminal																												
Passenger Terminal (see 2.9.3F)	Bus, Train Passenger Terminal																												
	Taxicab Dispatch Station, Limousine Service																												
Place of Worship (see 2.9.3G)	Multimodal Facility																												
	All places of worship																												
Social Service Institution (see 2.9.3H)	Off-site parking for places of worship																												
	All social service institutions																												
Utilities (see 2.9.3I)	All minor utilities																												
	All major utilities																												
Utilities (see 2.9.3I)	Amateur Radio Operator Tower (65 feet or less)																												
	Communication towers																												
Utilities (see 2.9.3I)	CMCS tower and facilities																												
	Wind farm																												
Utilities (see 2.9.3I)	Solar farm																												
	Funeral establishment, funeral merchandise, funeral directing, crematorium and pet crematorium																												
Funeral Services (see 2.9.4L)	All indoor recreation, except as listed below:																												
	Adult-oriented establishment																												
Indoor Recreation (see 2.9.4A)	Athletic, tennis, swim or health club																												

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5. Section B., Project Description, Item III.A.

The attached plot plan is noted. Please identify buildings A, B, C, D and F.

The submitted plot plan has been amended with additional building labels as requested by staff. It is attached following this page.

6. Section B., Project Description, Item III.B.1

a. Please provide the walking distance from the nearest bus stop to the proposed site using the Shelby County Mass Transit web-site, at [http:// www.matatransit.com/](http://www.matatransit.com/).

The site is 0.4 miles and 8 minutes walking time from the closest bus stop, at the intersection of Covington Pike and Elmore Road. Spicer Cove intersects Elmore Road. See map attached after this page.

b. The applicant states the proposed site will open at 5:00 am. When does public bus service begin each day to the proposed site? Is mass transit available 7 days per week?

Buses on route 37 are scheduled to arrive at the Covington Pike and Elmore Road intersection at 6:42 am, Monday through Friday. There are no buses on the route on Saturdays or Sundays.

b. Approximately how many patients use mass transit?

The applicant has no patients this year who are using mass transit; they drive themselves. In some prior years perhaps one to two a year might be taking the bus.

7. Section C, Economic Feasibility, Item 1 (Project Costs Chart)

a. The referenced Architect's letter in Attachment C, Economic Feasibility-1 is not included in the application. Please provide the referenced attachment.

The architect's letter was submitted in triplicate on Friday, May 17.

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b. Please compare the lease cost of the current facility to the new proposed facility.

Current lease cost, CY2013:	\$35,640
Proposed lease cost, CY2014:	\$42,588

c. The applicant is leasing 7,350 SF of a building that has 16,806 SF. Are there other businesses located in the building? Who has control of the remainder of the building?

The two businesses in the building are the Tennessee Department of Safety, and Lincare, which appears to be a healthcare equipment and supply company. The building is controlled by the lessor, whose name on the lease is "CP Perimeter Point East, LLC, a Tennessee Limited Liability Company".

8. Section C. Economic Feasibility, Item 2

a. The applicant states the proposed project cost of \$689,385 will be funded through cash reserves of VCPHC XXI, LLC. The balance sheet as of March 31, 2013 indicates cash on hand in the amount of \$23,307. In addition, the Income Statement ending March 2013 for VCPHCS, XXI, LLC reflects a net loss of (\$133,952). Please clarify if the applicant intends to fund the project through the asset category "Inter-company VCPHCS" that totals \$1,834,805. If so, please clarify this current asset as it relates to Behavioral Health Group's Balance Sheet that list a total of \$2,559,323 in current assets and current liabilities of \$2,789,332.

VCPHCS XXI, LLC's parent, Behavioral Health Group (BHG), maintains a significant cash balance upon which its Treatment Centers can draw to fund capital projects. VCPHCS XXI, LLC generates adequate excess cash from ongoing operations to fund ordinary course liabilities (payroll, other Cost of Goods Sold, and Operating Expenses) and has done so since BHG's ownership commenced. BHG (the Parent) also generates additional excess cash flows from its other twenty-eight (28) treatment centers operating in eight (8) states. In addition, BHG has both immediate and unfettered access to an untapped credit line of more than \$5,000,000 and can also call upon committed equity capital that exceeds its credit line. The project will be funded by the BHG (parent company) resources.

Page Eight
May 28, 2013

b. The applicant's parent company Behavioral Health Group has a current ratio of .91:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. How is the applicant meeting current liability obligations?

The current ratio depicted on the March 31, 2013 balance sheet reflects two temporary anomalies that do not reflect on the organization's healthy liquidity position. First, the Company made the discretionary decision to fund the acquisition of three providers in December 2012 with cash (approximately \$2.24 million) as opposed to funding them with long-term debt, which would have maintained the current ratio significantly higher than 1.0. The net effect of this elective decision changed a November Current Ratio of 1.88 (Current Assets \$7.3 million and Current Liabilities \$3.9 million) to one temporarily slightly less than 1.0. In fact, the cash balance prior to funding these acquisitions was \$4.5M. Second, the "Accrued Expenses" liability line item reflects a \$500,000 escrow holdback related to these acquisitions that is due to be paid in December 2013. Elimination of this one-time liability establishes a Current Ratio equal to 1.11:1.00. More importantly, BHG's ongoing strong operating cash flows and ready access to both equity and debt capital ensures excellent liquidity.

2013 MAY 28 PM 3 51

Page Nine
May 28, 2013**9. Section C, Economic Feasibility, Item 4 Historical Data Chart and Projected Data Chart****a. The Historical Data Chart notes \$200.00 was spent on training in 2012 increasing to \$2,500 in 2014 and \$3,000 in 2015 on the Projected Data Chart. Please clarify.**

Behavioral Health Group has recently established a dedicated Training and Education Department within its Human Resources Department. The organization has made significant development in both dedicated training staff, infrastructure (e.g., software based Learning Management System (LMS)), and program development. The increase in training expenditure reflects the allocation of training content development costs to the Treatment Center.

b. Why there is \$184,781 in interest paid in 2012 as listed under Capital Expenditures in the Historical Data Chart?

A stock purchase of Behavioral Health Group occurred in August 2011. A portion of that purchase price was funded with long-term debt. The interest expense paid in 2012 reflects the allocation of a portion of the debt interest payments by BHG to VCPHCS XXI, LLC.

c. The physician salaries and wages are listed as \$70,356 on the Projected Data Chart. On average, how many hours a week do physicians provide services?

Historically, the Medical Director has provided approximately twelve (12) hours of in-clinic coverage across four (4) scheduled days per week. In addition, our Medical Director is available for both consult and emergency in-clinic coverage twenty-four (24) hours per day, seven (7) days per week. VCPHCS XXI, LLC also maintains a dedicated back-up Program Physician in the event the Treatment Center's Medical Director is unavailable (i.e., goes on a scheduled vacation). Last, VCPHCS XXI, LLC's historical physician coverage exceeds the mandated regulatory requirements.

10. Section C, Orderly Development, Item 3**a. The staffing requirement of the proposed project is noted. The applicant's LPN salary range of \$33,250-\$39,000 appears to not be compatible with the Shelby County mean wage of \$39,660. Please clarify.**

LPN's at BHG facilities spend a large majority of their time dosing patients. At a basic level this encompasses sitting at a counter in a dosing booth, handing patients the appropriate amount of medication, and observing the patients reaction to the medication.

Page Ten
May 28, 2013

This role requires light physical duty and a limited scope of practice when compared with other LPN positions in nursing homes, hospitals, etc. Consequently the range is not equal to that of Shelby County LPN's as a whole.

11. Section C, Orderly Development, Item 7. (c)

The applicant states Raleigh Professional Associates holds a three-year Joint Commission Accreditation. Please provide documentation of the certification.

Please see the third page in Attachment A.4 of the application.

12. Section C, Orderly Development, Item 7. (d)

The life safety category for the Tennessee Department of Mental Health and Substance Abuse Services license for the applicant's current location list the site as is not accessible to mobile, non-ambulatory individuals and is not approved for patients with hearing loss. Please clarify if the new proposed site will be equipped to handle these populations.

The new building will be wheelchair-accessible and otherwise handicapped-accessible. It will not be specially equipped for patients with hearing loss (although patients with hearing impairments can be served unless their loss makes it impossible for them to participate in counseling).

13. Support Letters

Please provide any letters of support from the community, government, judicial and law enforcement, physical and behavioral health care providers, and residents near the proposed facility.

No support letters have been sought or received, as yet. If any are received, they will be submitted timely to the HSDA staff.

May 28, 2013
3:45 pmPage Eleven
May 28, 2013**14. Proof Of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

The originally submitted application contained a folded full page of the newspaper in which the notice of intent appeared (with the mast and dateline intact).

15. Notification Requirements

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential methadone treatment facility with the agency, the applicant shall send a notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant. Please provide documentation that these notification requirements have been met.


Documentation is attached at the end of this response letter.

Additional Item from Applicant

The applicant is attaching revised pages 48R-49R after this page. These are the Projected Data Chart and Notes. Errors were discovered in the amounts entered in the rent line. In the revisions, rent includes payments for both the space and certain other items such as software.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

Behavioral Health Group

Notification of Public Officials

2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134



Behavioral
Health
Group

145

SUPPLEMENTAL- # 1

8300 Douglas Avenue, Suite 750
Dallas, TX 75225
May 28, 2013 3:45 pm

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Jim F. Kyle
Senator, State of Tennessee
100 Peabody Place, Suite 1375
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment
Center for Opiate Addiction**

Dear Senator Kyle:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at \$1,137,000.

Opioid Treatment Programs (OTPs) give persons struggling with opioid drug addiction (e.g., OxyContin, hydrocodone) the best chance at long term recovery, as the OTP treatment model specifically addresses both the neurochemical and psychological aspects of the disease. This dual-pronged approach is accomplished on an outpatient basis through physician-supervised medication assisted treatment (i.e., methadone replacement therapy) and intensive behavioral treatment (i.e., individual and group counseling), and it is complemented by access to social services and other support systems for patients. OTPs have been found by the Tennessee Department of Mental Health and relevant federal agencies to be tremendous resources for persons struggling to overcome opioid addiction and also for their families and communities.

This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh
Professional Associates

May 28, 2013

3:45 pm

BHG
Spicer Cove

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

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 Certified Fee MAY 15 2013
 Return Receipt Fee (Endorsement Required)
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 Total Postage & Fees \$7230-9715

Postmark Here
BHG

Sent To The Honorable Jim F. Kyle
 Senator, State of Tennessee
 Street, Apt. or PO Box 100 Peabody Place, Suite 1375
 City, State Memphis, TN 38103

PS Form 3800, August 2006 See Reverse for Instructions

7011 3500 0001 0063 9637

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:

The Honorable Jim F. Kyle
 Senator, State of Tennessee
 100 Peabody Place, Suite 1375 Memphis,
 TN 38103

2. Article Number

(Transfer from service label)

7011 3500 0001 0063 9637

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X R.H. Kyle

☐ Agent☐ Addressee

B. Received by (Printed Name)

R.H. CHIP CHUCKLEY

C. Date of Delivery

- D. Is delivery address different from item 1? ☐ Yes
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☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Mark H. Luttrell, Jr.
Mayor, Shelby County, Tennessee
160 N. Main Street, Suite 1850
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment
Center for Opiate Addiction**

Dear Mayor Luttrell:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at \$1,137,000.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh
Professional Associates

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 Total Postage & Fees \$

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Sent To The Honorable Mark H. Luttrell, Jr.
 Mayor, Shelby County, Tennessee
 160 N. Main Street, Suite 1850
 Memphis, TN 38103

PS Form 3800, August 2006 See Reverse for Instructions

Recd at OBS - 5-30-2013

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1. Article Addressed to:

The Honorable Mark H. Luttrell, Jr.
 Mayor, Shelby County, Tennessee
 160 N. Main Street, Suite 1850
 Memphis, TN 38103

2. Article Number
 (Transfer from service label) 7011 3500 0001 0063 9620

COMPLETE THIS SECTION ON DELIVERY

A. Signature *X D Hosters* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *SHUTTS*

C. Date of Delivery *5/17/13*

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☒ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable A.C. Wharton, Jr.
Mayor, City of Memphis
City Hall, Room 700
125 N. Main Street
Memphis, TN 38103

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment
Center for Opiate Addiction**

Dear Mayor Wharton:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at \$1,137,000.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh
Professional Associates

May 28, 2013

3:45 pm

BHS - Spencer

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 Total

Postmark Here

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Sent to
 Street, or PO
 City, State
 ZIP+4

The Honorable A.C. Wharton, Jr.
 Mayor, City of Memphis
 City Hall, Room 700
 125 N. Main Street
 Memphis, TN 38103

PS Form 3811, February 2004

Recd. 5-17-2013

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Honorable A.C. Wharton, Jr.
 Mayor, City of Memphis
 City Hall, Room 700
 125 N. Main Street
 Memphis, TN 38103

2. Article Number
 (Transfer from service label) 7011 3500 0001 0063 9590

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 x Tara Tate

☐ Agent
☐ Addressee

B. Received by (Printed Name)
 Tara Tate

C. Date of Delivery
 5-17-13

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type
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☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

AFFIDAVIT

2013 MAY 28 PM 3 52

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

Raleigh Professional Associates

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of May, 2013,
witness my hand at office in the County of Davidson, State of Tennessee.

Christopher D. Dobbs
NOTARY PUBLIC

My commission expires 6-21, 2016.

HF-0043

Revised 7/02



Copy

Supplemental #2

Raleigh Professional Associates

CN1305-019

2013 MAY 30 PM 3 24

May 29, 2013

Phillip M. Earhart, Health Planner III
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37203

RE: Raleigh Professional Associates--Relocation Application
Memphis, Shelby County

Dear Mr. Earhart:

This letter responds to your second request for supplemental information on the subject project. The responses are numbered to correspond to your questions, and are provided in triplicate, with an affidavit.

1. Applicant Profile, Item 1

The applicant has listed the proposed project address as 2165 Spicer Cover, Memphis, TN. The letter of intent lists the address as 2165 Spicer Cove. Please attach a replacement page with the correct street name.

A replacement page 1R is attached following this page, with the street name corrected.

2. Section A, Applicant Profile, Item 6

The provided lease agreement is noted. Please clarify the reason Exhibit "A" of the lease agreement listed the facility as Perimeter Point Business Center "Building E" while the facility address provided by the applicant in the applicant profile section is listed as "Building B".

The replacement page 1R attached after this page corrects the building designation to Building E.

3. Section C, Economic Feasibility, Item 4. (Projected and Historical Data Chart)

a. The applicant states the Medical Director provides twelve (12)) hours coverage four (4) days per week. In another application filed simultaneously by the applicant's corporation BHG, ADC Recovery and Counseling Center, CN1305-018, the applicant states the Medical Director provides approximately nine (9) hours of coverage across three (3) scheduled days per week. The patient census appears to be similar. Please clarify why there is a discrepancy in physician coverage and if

Page Two
May 29, 2013

patients with higher acuities are sent Raleigh Associates where there is additional MD coverage.

The difference in coverage hours is owed to each of the respective Medical Directors' availability and does not reflect a higher level of care at one Treatment Center versus the other. The Raleigh Professional Associates coverage level actually exceeds the patient service needs and reflect the hours of coverage that were being provided when we acquired the Treatment Center. Given the Medical Director's tenure, technical competence, and rapport with the patients and staff, BHG elected to maintain coverage at historical rates. Also, it should be noted that the physician coverage provided at ADC exceeds the Tennessee regulatory requirement to provide "on-site prescriber services of one hour per week for every 35 service recipients" found in 0940-05-42-.29 1.(3)(c)2.

b. Does the back-up Physician provide services to multiple sites?

Generally, BHG's back-up physicians will provide services to several facilities if they are located within close proximity to one another. In this case, anyone hired as a back-up physician for ADC will also likely be capable of providing services at BHG's other Memphis locations (Memphis Center for Research and Addiction Treatment and Raleigh Professional Associates). BHG's preferred practice is to have multiple "back-up" physicians under contract for each Treatment Center in order to ensure on-demand availability and the best possible patient care at all of its locations.

c. The Projected Data Chart list the Year 2014 twice. Please provide a corrected Projected Data Chart.

It is attached following this page.

d. Please clarify the reason salaries and wages in Year 2014 is \$497,125 for 260 patients and in ADC Recovery and Counseling Center, CN1305-018 is \$356,582 for 250 patients, a decrease of \$140,543.

Raleigh Professional Associates and its staffing costs were acquired by BHG at wage rates higher than the market average, primarily for counselors. Out of fairness to the Raleigh Professional Associates staff, BHG maintained their compensation rates instead

May 30, 2013

3:46 pm

Page Three
May 29, 2013

of lowering them to align with market rates. In addition, Raleigh Professional Associates is staffed with one (1) additional counselor who will be dedicated to a trial project focused on external case management services development in the greater Memphis area. This effort will benefit all BHG Treatment Center patients, but the cost is carried at Raleigh Professional Associates.

e. Notification Requirements

Please note that Tennessee Code Annotated 68-11-1607(c)(3) states that "...Within ten (10) days of filing an application for a nonresidential methadone treatment facility with the agency, the applicant shall send a notice to the county executive of the county in which the facility is proposed to be located, the member of the House of Representatives and the Senator of the General Assembly representing the district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential methadone treatment facility has been filed with the agency by the applicant."

Please provide documentation that notification was sent to the member of the House of Representatives in which the facility is proposed to be located.

The required notification was provided. Documentation is attached following this page.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,



John Wellborn
Consultant

May 15, 2013

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The Honorable Antonio Parkinson.
Representative, State of Tennessee
P. O. Box 281453
Memphis, TN 38168

**RE: Proposed Relocation of Adult Non-Residential Substitution-Based Treatment
Center for Opiate Addiction**

Dear Representative Parkinson:

Please be advised that VCPHCS XXI, LLC d/b/a Raleigh Professional Associates has filed an application with the Tennessee Health Services and Development Agency to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, Tennessee 38128 to 2165 Spicer Cove, Suite 9, Memphis, Tennessee 38134 (a distance of three miles), at a capital cost estimated at \$1,137,000.

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This notice is provided pursuant to Tenn. Code Ann. § 68-11-1607(c)(3).

Please contact Richard Lodge at 615-742-6254 should you desire further information.

Sincerely,

VCPHCS XXI, LLC d/b/a Raleigh
Professional Associates

BHG - ~~May 30, 2013~~
3:46 pm

ET96 E900 1000 005E TT07

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Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	Postmark Here
Sent To: The Honorable Antonio Parkinson, Representative, State of Tennessee	
Street, Apt. or PO Box: P. O. Box 281453	
City, State: Memphis, TN 38168	
PS Form 3800, August 2006	
See Reverse for Instructions	

May 30, 2013

3:46 pm

AFFIDAVIT 2013 MAY 30 PM 3 39

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

RALEIGH PROFESSIONAL ASSOCIATES

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30 day of MAY, 2013,
witness my hand at office in the County of DAVIDSON, State of Tennessee.

JMBM
NOTARY PUBLIC

My commission expires 1-11, 2017.

HF-0043

Revised 7/02



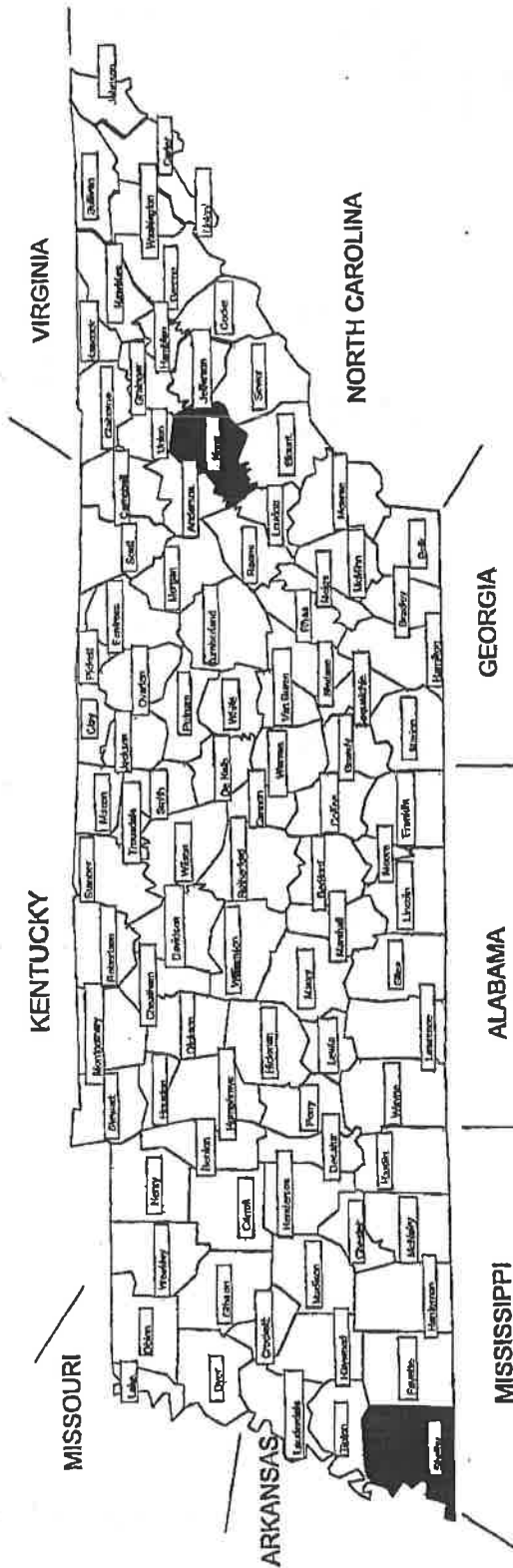
Copy

**Additional information for
Application**

**Raleigh Professional
Associates**

CN1305-019

Tennessee Opioid Treatment Clinics



○ ONE LOCATION ● TWO LOCATIONS ● THREE LOCATIONS

346 (9)

- * Shelby (Memphis)**
ADC Recovery & Counseling Center
 3041 Getwell, Suite 101
 Memphis, TN 38118
 (901) 375-1050
 Hours of Operation M-F 5a-1:30p; Sat 6a-9a
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- * Memphis Center for Research & Addition**
 1270 Madison Ave
 Memphis, TN 38104
 (901) 722-9420
 Hours of Operation M-F 5:45a-2p; Sat 6a-9a
 Dosing Hours M-F 5:45a-1p; Sat 6a-9a
- * Raleigh Professional Associates**
 2960-B Austin Peay Hwy
 Memphis, TN 38128
 (901) 372-7878
 Hours of Operation M-F 5a-1p; Sat 6a-2p
 Dosing Hours M-F 5a-9a; Sat 6a-10a
- * Dyer (Dyersburg)**
Midsouth Treatment Center
 640 Hwy 51 Bypass 3, Suite M
 Dyersburg, TN 38024
 (731) 285-6535
 Hours of Operation M-Sat 5a-11a
 Dosing Hours M-F 5a-11a; Sat 6a-10a
- * Jackson Professional Associates**
 1869 Hwy 45 Bypass, Suite 5
 Jackson, TN 38305
 (731) 660-0880
 Hours of Operation M-F 5a-1p; Sat 6a-2p
 Dosing Hours M-F 5a-1p; Sat 6a-2p
- * Harry (Paris)**
Paris Professional Associates
 2555 East Wood Street
 Paris, TN 38242
 (731) 641-4545
 Hours of Operation M-Sat 5a-1p
 Dosing Hours M-Sat 5a-1p
- * Harrison (Savannah)**
Solutions of Savannah
 85 Harrison Street
 Savannah, TN 38372
 (731) 925-2767
 Hours of Operation M-Sat 5:30a-12p
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- * Hardin (Chattanooga)**
Volunteer Treatment Center, Inc.
 2347 Rossville Blvd
 Chattanooga, TN 37408
 (423) 265-3122
 Hours of Operation M-Sat 5:30a-2p
 Dosing Hours M-F 5:30a-12:30p; Sat 5:30-11a
- * Knox (Knoxville)**
DRD Knoxville Medical Clinic-Central
 412 Citico Street
 Knoxville, TN 37921
 (865) 522-0661
 Hours of Operation M-Sat 5:30a-2:30p
 Dosing Hours 5:30a-11p; Sat 6a-9a
- * DRD Knoxville Medical Clinic-Bernard**
 626 Bernard Avenue
 Knoxville, TN 37921
 (865) 522-0161
 Hours of Operation M-Sat 5:30a-2:30p
 Dosing Hours M-F 5:30a-11a; Sat 6a-9a
- * Recovery of Columbia**
 1202 South James Campbell Blvd.
 Columbia, TN 38401
 (931) 381-0020
 Hours of Operation M-Sat 5:30a-11a
 Dosing Hours M-F 5:30-11a; Sat 6a-9a
- * David (Nashville)**
Middle Tennessee Treatment Center
 2410 Charlotte Avenue
 Nashville, TN 37203
 (615) 321-2575
 Hours of Operation M-Sat 6a-1p
 Dosing Hours M-F 6a-1p; Sat 6a-9a

AFFIDAVIT
2013 MAY 17 AM 11 18

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

Raleigh Professional Associates

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 17 day of MAY, 2013, witness my hand at office in the County of DAVIDSON, State of Tennessee.

Tom B. M.
NOTARY PUBLIC

My commission expires 1 - 11, 2017.

HF-0043

Revised 7/02





STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
601 MAINSTREAM DRIVE
NASHVILLE, TENNESSEE 37243

BILL HASLAM
GOVERNOR

E. DOUGLAS VARNEY
COMMISSIONER

MEMORANDUM

TO: Melanie Hill, Executive Director
Health Services and Development Agency

FROM: TDMHSAS

DATE: August 1, 2013

RE: Review and Analysis of Certificate of Need Application
CN1305-019 Raleigh Professional Associates

Pursuant to and in accordance with Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Mental Health (TDMH), the licensing agency, have reviewed and analyzed the above-referenced application for a Certificate of Need.

Attached is the TDMH report. At a minimum and as noted in TCA § 68-11-1608, the report provides:

- (1) Verification of application-submitted information;
- (2) Documentation or source for data;
- (3) A review of the applicant's participation or non-participation in Tennessee's Medicaid program, TennCare or its successor;
- (4) Analyses of the impact of a proposed project on the utilization of existing providers and the financial consequences to existing providers from any loss of utilization that would result from the proposed project;
- (5) Specific determinations as to whether a proposed project is consistent with the state health plan; and
- (6) Further studies and inquiries necessary to evaluate the application pursuant to the rules of the agency.

If there are any questions, please contact TDMHSAS at (615) 532-6520.

cc: E. Douglas Varney, Commissioner, TDMHSAS
Marie Williams, Deputy Commissioner, TDMHSAS
Dr. Jason Carter, Pharm. D., TDMHSAS, Chief Pharmacist and State Opioid Treatment Authority (SOTA)

REVIEW AND ANALYSIS CERTIFICATE OF NEED APPLICATION #CN1305-019

Pursuant to and in accordance with Tennessee Code Annotated (TCA) § 68-11-1608 and Rules of the Health Services and Development Agency including the Criteria and Standards for Certificate of Need (2000 Edition, Tennessee's Health Guidelines for Growth, prepared by the Health Planning Commission) [hereinafter Guidelines for Growth], staff of the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS), the licensing agency, have reviewed and analyzed the application for a Certificate of Need submitted by Mr. John L. Wellborn, Consultant (Development Support Group) on behalf of the Raleigh Professional Associates, owned and managed by VCPHCS XXI, LLC, for the relocation (change of location; site change) of an existing, established, appropriately licensed "Alcohol and Drug Non-Residential Substitution-Based Treatment Center for Opiate Addiction"; "Opioid Treatment Program" (OTP); or "methadone clinic") from its present location at 2960-B Old Austin Peay Highway, Memphis, TN 38128 to a proposed new location at 2165 Spicer Cove, Suite 9, Memphis, TN 38134, a distance of approximately three (3) miles. The Applicant reports that the relocation to a new, larger leased space will make the clinic more able to accommodate patient volume. Additionally, the Applicant reports that the current physical space occupied by its clinic (where it has been located for approximately twenty-six (26) years) is growing outdated and increasingly unable to meet patient needs.

The report has three (3) parts:

- A. Summary of Project
- B. Conclusions
- C. Analysis - in three (3) parts:

<u>Need</u>	<u>Economic Feasibility</u>	<u>Contribution to the Orderly Development of Health Care</u>
<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> a. Relationship to any existing applicable plans; b. Population to be served; c. Existing or Certified Services or Institutions; d. Reasonableness of the service area; e. Special needs of the service area population (particularly women, racial and ethnic minorities, and low-income groups); f. Comparison of utilization/occupancy trends and services offered by other area providers; g. Extent to which Medicare, Medicaid, and medically indigent patients will be served; and h. Additional factors specified in the Tennessee's Health Guidelines for Growth publication for this type of facility. 	<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> a. Whether adequate funds are available to complete the project; b. Reasonableness of costs; c. Anticipated revenue and the impact on existing patient charges; d. Participation in state/federal revenue programs; e. Alternatives considered; f. Availability of less costly or more effective alternative methods; and g. Additional factors specified in the Tennessee's Health Guidelines for Growth publication. 	<p>Evaluated by the following general factors:</p> <ul style="list-style-type: none"> a. Relationship to the existing health care system (i.e., transfer agreements, contractual agreements for health services, and affiliation of the project with health professional schools); b. Positive or negative effects attributed to duplication or competition; c. Availability and accessibility of human resources required; d. Quality of the project in relation to applicable governmental or professional standards; and e. Additional factors specified in the Tennessee's Health Guidelines for Growth publication.

A. SUMMARY OF PROJECT

Mr. John L. Wellborn, Consultant (Development Support Group) has submitted, on behalf of the Raleigh Professional Associates, owned and managed by VCPHCS XXI, LLC (Applicant), an application for a Certificate of Need seeking the relocation of an existing, established, appropriately licensed "Alcohol and Drug Non-Residential Opiate Treatment Facility" (also referred to as a "Non-Residential Substitution-Based Treatment Center for Opiate Addiction"; "Opioid Treatment Program" (OTP); or "methadone clinic") from its present location at 2960-B Old Austin Peay Highway, Memphis, TN 38128 to a proposed new location at 2165 Spicer Cove, Suite 9, Memphis, TN 38134, a distance of approximately three (3) miles. On the Applicant Profile, for Type of Institution (Item 7.), the Applicant selected "Non-Residential Methadone Facility (Item 7.N.). The purpose of the review is "Change of Location" (Item 8.H.).

The Applicant reports that the current licensed facility's owner is VCPHCS XXI, LLC, whose only member and parent company is VCPHCS, LP which does business as Behavioral Health Group (BHG). The Applicant further reports that BHG is Tennessee's largest provider of this type of service, owning nine (9) of Tennessee's twelve (12) clinic programs of this type. Of the nine Tennessee clinics, two (2) are in Knoxville, three (3) are in Memphis, with the remainder located in Nashville, Paris, Columbia, and Jackson.

The facility is and will continue to be, licensed by the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS). The Applicant reports that its program serves adult patients eighteen (18) years of age and over who are addicted to, or dependent on, opioids such as heroin, OxyContin, Dilaudid, morphine, and hydrocodone. The Applicant further reports that the program of dispensing daily dosages of opioid substitutes such as methadone suppresses patients' cravings for harmful opioids, allowing patients to lead normal lives, hold jobs, maintain family relationships, and live more safely. The Applicant reports that the program operates under rigorous controls that include mandatory drug testing, counseling, social services, and provides comprehensive behavior therapy and case management services to support each patient's recovery and stabilization.

The Applicant reports that the primary service area consists of Shelby, Fayette, and Tipton counties in Tennessee. The Applicant also reports that patients from these three counties currently comprise ninety-six percent (96%) of the clinic's Tennessee patients, and approximately seventy-nine percent (79%) of its total patients. According to the Applicant, approximately fifteen percent (15%) of this clinic's patients reside in Mississippi.

The Applicant reports that there is no major medical equipment involved in the project. Total project costs are estimated by the Applicant to be \$1,136,905.00. If the application is approved, the clinic's first full operational year will be January through December of 2014.

B. CONCLUSIONS

As previously stated, if the application is approved, the facility would be licensed by the TDMHSAS. TDMHSAS staff have reviewed and analyzed the application and offer the following in support of approval of the application:

1. A note about specific criteria for a non-residential methadone treatment facility. In addition to the other general criteria, the application for a Certificate of Need for a non-residential methadone treatment facility should also address these and other specific criteria as listed in the Guidelines for Growth: 1) A non-residential methadone treatment facility should provide adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the opioid treatment program with the goal of the individual becoming free of opioid dependency; 2) Need should be based information prepared by the Applicant which acknowledges the importance of considering the demand for services along with need as well as addressing and analyzing service problems; 3) The need assessment should also cover the proposed service area and include the utilization of existing service providers, scope of services provided, patient origin, and patient mix; 4) The Applicant should show that the geographic service area is reasonable and based on an optimal balance between population density and service proximity and show that the project is sensitive and responsive to the special needs of the service area in terms of accessibility to consumers, particularly women, racial and ethnic minorities, and low-income groups; and 5) The Applicant should show the project's relationship to policy as formulated in local and national plans, including need methodologies.
2. A note about applications for change of site. The provisions in HSDA Rule 0720-11-.01(4)(a) through 0720-11-.01(4)(c) state that when the HSDA is considering a Certificate of Need (CON) application which is limited to a request for a change of site for a proposed new health care institution, the HSDA may consider, in addition to all other factors, the following factors: 1) Need: The Applicant should show that the proposed new site will serve the needs in the area to be served as least as well as the original site and that there is some significant legal, financial, or practical need to change to the proposed new site; 2) Economic Factors: The Applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site; and 3) Contribution to the Orderly Development of Health Care: The Applicant should address any potential delays that would be caused by the proposed change of site and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
3. There Continues to be a Need as described in further detail in Section C.1. The need criteria, satisfactorily met in the previously approved application for the Certificate of Need for the existing facility, continue to be met based on information reported by the Applicant showing that there will be no significant change to the existing, established, appropriately licensed program or to the program's enrollment. The proposed service area, as reported by the Applicant, was defined by historical utilization of the Applicant's own program and consists of counties near Memphis, Tennessee and counties in Mississippi. The

Applicant reports that patients from Shelby, Fayette, and Tipton Counties in Tennessee currently comprise approximately ninety-six percent (96%) of the clinic's Tennessee patients and approximately seventy-nine percent (79%) of its total patients. The Applicant reports that there will be sufficient time for the Certificate of Need process to be completed, the renovation of the building at the proposed new site to be completed, and services at the proposed new site to begin, so there should be no interruption of services as long as there are no unusual delays in any of these events. Because the application is not seeking the establishment of a new non-residential methadone treatment facility, but is seeking the relocation of an existing facility within the same sector, approval of the application will not increase the number of programs to be operated in Methadone Service Area (MSA) 23.

4. Economic Feasibility has been established as described in further detail in Section C.2. The cost of the proposed project appears to be reasonable and the project can be completed in a timely manner. The Applicant reports that there is sufficient cash on hand to implement the project. The Applicant further reports that the total project cost of approximately \$1,136,905.00 will not create feasibility issues for the project or the Applicant since the parent company has significant assets and will transfer whatever funds required for operations, including cash to implement this project. The Applicant reports that the clinic currently has an established patient base and a positive cash flow and operating margin that will continue at the proposed new site. Overall, adequate funding appears to be available and the projected utilization and revenue reported by the Applicant should be sufficient to ensure the economic feasibility of the project.
5. The project does Contribute to the Orderly Development of Healthcare as described in further detail in Section C.3. The Applicant reports extensive experience in the operation of this type of program. The application under review is a "change of location" application to relocate the program to a newer building approximately three miles from the current location. The Applicant is aware of Federal and State licensure requirements and will continue to comply with such requirements at the proposed new site. The Applicant reports that the relocation will make it easier for the clinic to physically accommodate current and future patients in a more modern environment. The Applicant reports that no negative impact on services is expected absent unusual delays in the Certificate of Need process or the physical relocation to the new site. The Applicant reports that the relocation should not have any adverse impact on utilization at any other such facility since the current facility is proposing to relocate only a short distance of approximately three miles from its current location.

C. ANALYSIS

1. Need

As noted above, the need criteria, which were satisfactorily met in the previously approved application for the Certificate of Need for the existing facility, continue to be met based on information reported by the Applicant showing that there will be no significant change to the existing, established, appropriately licensed program or to the program's enrollment. Since the application is not seeking the establishment of a new non-residential methadone treatment facility, but is

seeking the relocation of an existing facility, approval of the application will not increase the number of programs to be operated in Methadone Service Area (MSA) 23.

The Applicant reports that the proposed service area was defined by historical utilization of the Applicant's own program and consists of Shelby, Fayette, and Tipton Counties in Tennessee and counties in Mississippi. The Applicant reports that the current clinic is one of several programs operated by the Behavioral Health Group (BHG) to serve residents of Tennessee and nearby states. See above for more detailed utilization and demographic data.

The Applicant reports that all of the Applicant's programs meet and comply with State licensing standards. The Applicant reports that its program follows the TDMHSAS rules for qualifications and training of all staff and that the clinic is medically supervised by a Board-certified physician (Medical Director) who has extensive experience in opioid dependency, thereby satisfying the criteria of providing adequate medical, counseling, vocational, educational, mental health assessment, and social services to patients enrolled in the program. The Applicant further reports that the program provides continuous and intensive counseling, support services, and mental health assessments aimed at helping patients become free of opioid dependency as soon as possible, and to manage life successfully on methadone maintenance until that time.

The proposed service area is an area defined by historical utilization of the Applicant's own existing program, and the Applicant submitted projected utilization for this project as well as utilization data for the Applicant's other programs in Memphis and data obtained from the TDMHSAS for utilization of other OTP providers in the primary service area. The Applicant reports that opioid addiction is found in all ages and socioeconomic and ethnic groups; the services of this facility will continue to be provided to all members of these groups who qualify medically and accept the disciplines of the program; and that this facility will primarily serve the adult population aged eighteen to sixty-four (18-64) years. The Applicant reports that there is no particular age group between ages twenty to sixty-four (20-64) years that merits special consideration, but mentions that dependent persons typically have thirty to forty percent (30-40%) shorter life expectancies than their peers and older persons rarely enter a program of this type because their opioid dependencies usually have caused their deaths before age 65. The Applicant submitted information from a July 2010 U.S. Substance Abuse and Mental Health Services Administration (SAMHSA) report that points to an increasing national abuse of pain relief medications from 1994 through 2008 and is not gender, race, ethnicity, or income specific, but cuts across all such factors. The Applicant reports that admission to this clinic's program is based solely on clinical criteria and commitment to comply with the requirements of the treatment program including drug testing; counseling; daily purchase and ingestion of prescribed medication; absence of prohibited substances in the blood; consent to coordinate care, and other such practices. The Applicant notes that in order to be eligible to enter an opioid treatment program, one must be found to be opioid-dependent for more than one (1) year.

The Applicant reports that it does not know of a formal need methodology at the local or national level; however, the Applicant states that the Tennessee Department of Health's 2002 Report has been de facto state policy regarding the need for OTPs and calls for statewide distribution of licensed OTPs at convenient locations within an hour's drive time of patients. The Applicant further reports that Federal agencies consistently endorse regulated opioid treatment programs as the most effective means of dealing with the major national problem with opioid dependency. The Applicant's program has been serving Memphis area patients for approximately a decade. The three (3) programs currently in existence in Memphis are distributed geographically in a triangular configuration: downtown, southeast, and northeast. There are no other state-licensed OTP programs in West Tennessee closer than the one in Dyer County, Tennessee which is approximately seventy-eight (78) miles north of Memphis, Tennessee. The Applicant reports that the closest such licensed facilities of this type in adjoining Mississippi and Arkansas are in Jackson, Mississippi (211 miles south of Memphis) and in Little Rock, Arkansas (140 miles west of Memphis). This project will allow an established, existing, accredited, licensed program to continue operation at a nearby location.

2. Economic Feasibility

A review of the information supplied by the Applicant shows that there should be sufficient funds available for this project. The Applicant has been and currently is providing these services at the clinic's current location in Memphis, Tennessee, has a lengthy history of providing these services, and understands the financial requirements of the proposed project.

This application under review is a "change of location" application. The proposed new site will continue to be owned by VCPHCS XXI, LLC, whose only member and parent company is VCPHCS, LP, which does business as Behavioral Health Group (BHG). The Applicant appears to be Tennessee's largest provider of this type of service and operates numerous similar facilities in other states. The information provided by the Applicant supports a reasonable expectation that the relocation of the existing clinic will not deleteriously affect its continuing economic viability.

3. Contribution to the Orderly Development of Health Care

The Applicant reports that it is familiar with all applicable Federal and State requirements related to the staffing and operation of this type of program and will continue to comply with all such requirements at the proposed new site. The current location is appropriately licensed by the TDMHSAS and the U.S. Drug Enforcement Administration (DEA). The Applicant reports that the current location operates under certification as an opioid treatment program by the U.S. Department of Health and Human Services' Substance Abuse and Mental Health Services Administration's Center for Substance Abuse Treatment (CSAT). The Applicant further reports that the current location is accredited by the Commission of Accreditation of Rehabilitation Facilities (CARF). The proposed new site will have these same licenses, certifications, and accreditations.

Insofar as this application is for a relocation of an extant clinic, with no reasonably anticipated negative impact upon the existing services offered by the Applicant's ongoing operations, there is no reason to expect that the relation will not contribute to the orderly development of health care in the region.

No significant change in staffing or resource utilization is reasonably anticipated as a result of the proposed relocation. The geographic area for the proposed relocation likewise appears to be reasonable, with no reasonably anticipated deleterious effect upon the delivery of health care services in the region.

The Applicant reports that this type of facility does not train healthcare professionals, so the Applicant does not participate in internships, residencies, and other such programs; however, the Applicant does work closely with the University of Tennessee's High Risk Pregnancy Program and the Applicant's staff work on boards and committees of Memphis organizations supporting preventive education, research and patient education, appropriate treatments for addictions, and improved maternal health. The Applicant also reports that staff work as volunteers, speakers, participants, or board members with other community organizations.

The Applicant reports that the proposed new site is readily accessible from the nearest interstate highway system and is a short walk from nearby mass transit stops. No interruption of service arising from the relocation is anticipated.

The Applicant reports that if the application is approved, the Applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated; the number and type of procedures performed; and other data as required consistent with Federal Health Insurance Portability and Accountability Act (HIPAA) requirements.

:TDMHSAS

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before May 10, 2013, for one day. 2013 MAY -9 PM 1: 26

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Raleigh Professional Associates (an adult non-residential substitution-based treatment center for opiate addiction), owned and managed by VCPHCS XXI, LLC (a limited liability company), intends to file an application for a Certificate of Need to relocate from its current site at 2960-B Old Austin Peay Highway, Memphis, TN 38128, to 2165 Spicer Cove, Suite 9, Memphis, TN 38134 (a distance of 3 miles), at a capital cost estimated at \$1,150,000.

The facility is licensed by the Tennessee Department of Mental Health and Substance Abuse Services as an Alcohol & Drug Non-Residential Opiate Treatment Facility. It will be used exclusively to provide a comprehensive adult outpatient treatment program for opioid addiction--with testing, monitoring, counseling, medication (including methadone and suboxone) , and related services required for State licensure and for Federal certification by the U.S. Department of Health and Human Services.

The project does not contain major medical equipment or initiate or discontinue any other health service; and it will not affect any facility's licensed bed complements. The anticipated date of filing the application is on or before May 15, 2013. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 203, Nashville, TN 37215; (615) 665-2022.

John Wellborn 5-8-13

(Signature)

(Date)

jwdsg@comcast.net

(E-mail Address)